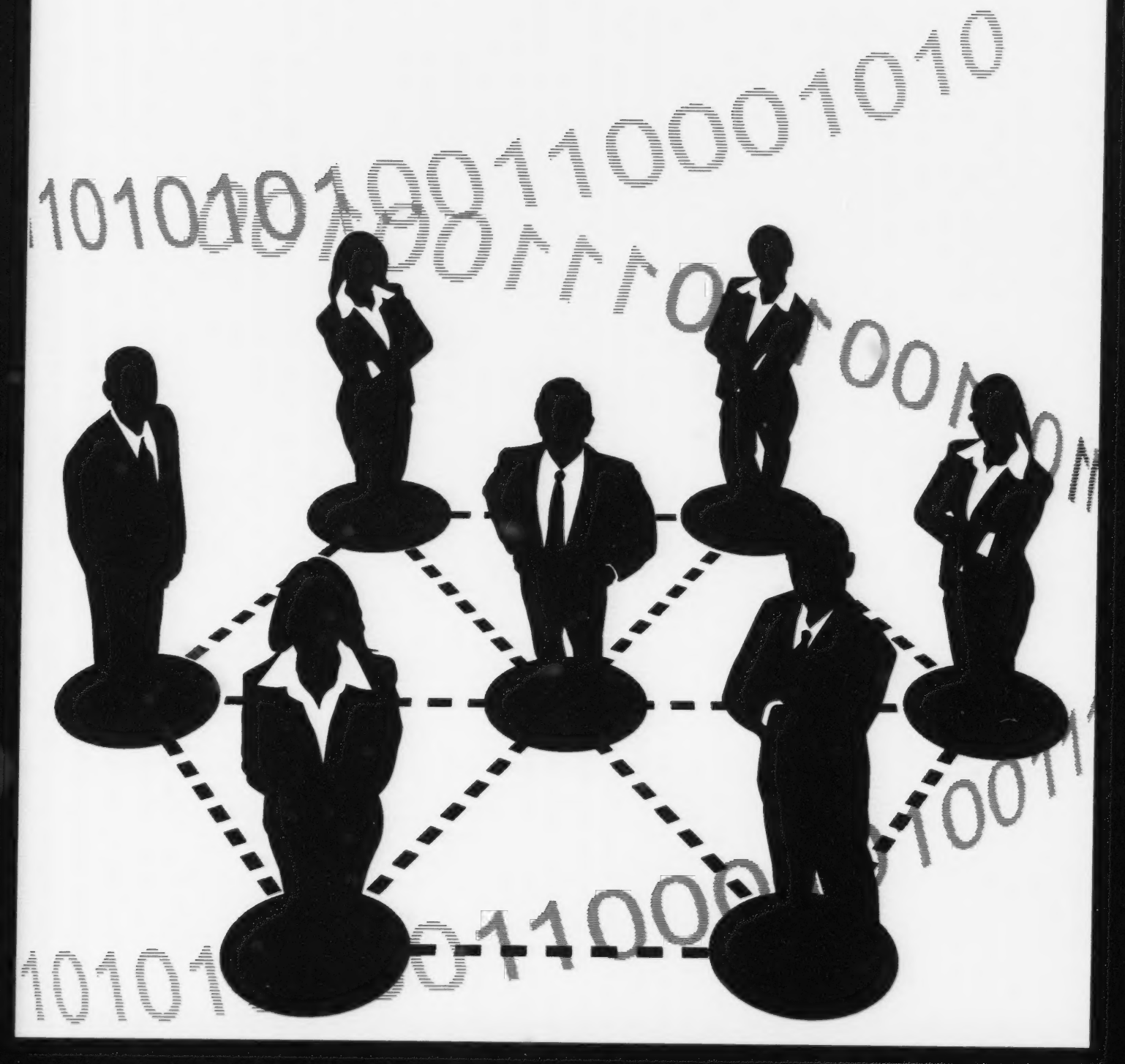
ANNUAL REPORTS 2010

OACIQ Organisme d'autoréglementation du courtage immobilier du Québec

Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec



Published by the Organisme d'autoréglementation du courtage immobilier du Québec
4905 Lapinière Blvd., Suite 2200
Brossard (Québec) J4Z 0G2

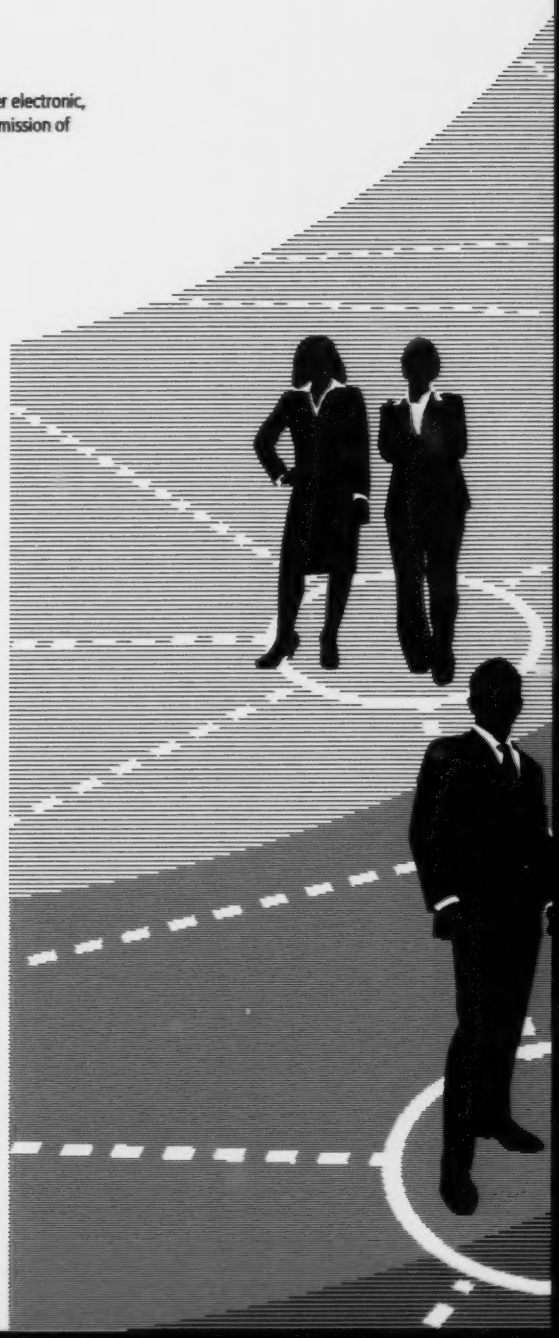
© Organisme d'autoréglementation du courtage immobilier du Québec
All rights reserved.

This work may not be produced, all or in part, in any form or by any means, whether electronic, mechanical photographic, audio, magnetic, or otherwise, without prior written permission of the publisher.

Graphic Design: OACIQ

Legal deposit
Bibliothèque et Archives nationales du Québec
Library and Archives Canada

ISBN: 978-2-921749-86-2



ANNUAL REPORT 2010

OACIQ

ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

Mr. Richard Boivin
Assistant Deputy Minister, Policies regarding Financial Institutions and Legal persons
Department of Finance
Government of Québec

Québec

Dear Mr. Boivin:

We are pleased to submit the Annual Report of the Organisme d'autoréglementation du courtage immobilier du Québec for the fiscal year ended December 31, 2010.

Yours very truly,

François Léger, P. Eng.
Chartered Real Estate Broker
Chairman of the Board

Mr. Alain Paquet
Minister for Finance
Government of Québec

Québec

Dear Mr. Paquet:

Allow us to present the Annual Report of the Organisme d'autoréglementation du courtage immobilier du Québec for the fiscal year ended December 31, 2010.

Yours sincerely,

Richard Boivin
Assistant Deputy Minister
Policies regarding Financial Institutions and Legal persons

Mr. Jacques Chagnon
President of the National Assembly
Government of Québec

Québec

Mr. President:

I have the honour of submitting the Annual Report of the Organisme d'autoréglementation du courtage immobilier du Québec for the fiscal year ended December 31, 2010.

Respectfully yours,

Alain Paquet
Minister for Finance

OACIQ

ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

MISSION

The Organisme d'autoréglementation du courtage immobilier du Québec is responsible for overseeing real estate brokerage in Québec.

In accordance with the Real Estate Brokerage Act, its main mission is to protect the public by supervising the professional activities of all Québec real estate and mortgage agencies and brokers.

TABLE OF CONTENTS

Report from the Chairman of the Board	6
Report from the President and Chief Executive Officer	10
Report from the Syndic	18
Report from the Syndic Decision Review Committee	22
Report from the Discipline Committee	24
Report from the Inspection Committee	28
Report from the Licence Issue and Maintenance Committee	32
Report from the Indemnity Committee	34
Treasurer's Report	36
Independent Auditor's Report	40
Financial Statements	42
Notes to the financial statements	45
Appendixes	55

MEMBERS BOARD OF DIRECTORS

FOR THE YEAR 2010

ELECTED CHAIRMAN OF THE BOARD

François Léger

ELECTED DIRECTORS

Serge Brousseau	Montréal
Louis Cayer	Montréal
Richard Dion	Québec
David Farber	Montréal
Hélène Lavoie	Eastern Québec
Daniel Pelchat (Treasurer of the Board)	Central Québec
Johanne Roy (Vice-Chair of the Board)	Montréal
Vacant	Western Québec

DIRECTORS APPOINTED BY THE MINISTER OF FINANCE

Pierre Carrier

Claude Rousseau

PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE OACIQ

Robert Nadeau

SECRETARY OF THE OACIQ

Claude Barsalou

REPORT FROM THE CHAIRMAN OF THE BOARD

"Objective : 100% consumer satisfaction. The new Act is giving practitioners a new toolbox to help them further enhance their service offer."

The coming into force of the Real Estate Brokerage Act on May 1, 2010 marks the beginning of a new chapter in Organization's history.

FRANÇOIS LÉGER
Chairman of the Board

It is often said that everyone wants change but no one wants to change. This is a natural reaction: the work methods we know are familiar and reassuring. They make us feel comfortable because when we use them, we're on safe ground. But when you accept to go out of your comfort zone, avenues heretofore unknown can open up. This is where we can truly see the benefits of a legislative update.

OACIQ: CHANGE AND CONTINUITY

The changes brought about by the new Act have given the Organization an opportunity to rejuvenate the oversight of the practice by providing new tools that will help us, among other things, enhance our profession in the eyes of the public.

Examples include the new search powers conferred upon on the Organization, giving investigators increased access to evidence in cases of suspected illegal brokerage activities.

Also new is the process by which the OACIQ can handle requests for conciliation or mediation in disputes between brokers or agencies and their clients, and requests for arbitration of accounts between brokers or agencies and their clients.

In addition, as a result of the work accomplished in 2010, all those who so wish may now apply to the Syndic Decision Review Committee to have a decision reviewed in cases where the Syndic has opted not to file a complaint.

Brokers and agencies may now maintain and store all their records, books and registers on electronic media.

Thus on May 1, 2010, the OACIQ inherited all the expertise built under the ACAIQ in order to pursue its mission with brokers and the public. The changes put in place will also allow us to meet increased demand from the public and to meet the Organizations' new obligations under the Act. Although the implementation of these obligations has caused a few administrative delays and will require a period of adaptation, we are working very hard to structure things in a way that will ensure the transition reaches a satisfactory conclusion for all licence holders and for the public. Your Board of Directors is certainly on the right track.

New strategic direction

Last November, the Board of Directors identified its priorities by reiterating its goal of making the OACIQ the definitive reference in real estate brokerage. The development of real estate and mortgage brokers and the improvement of our communications are at the top of the initiatives that will be launched in pursuit of this goal. They were at the heart of our actions in 2010 and will guide some of our decisions in the coming years.

Consolidating broker skills

A happy consumer is a loyal consumer! The increase in brokers' market shares is largely dependent on the ongoing development of licence holders, as this helps them improve their service offer to consumers and enhance the public's perception of the profession. The OACIQ's many continuing education activities will help us support brokers in their daily practice and better equip them against the competition.

With this in mind, the Board of Directors feels that we must continue to focus on the development of innovative continuing education activities that give our profession an edge: an enhanced service offer and increased public trust thanks to the thorough knowledge that brokers have of their chosen field and the Act that governs it.

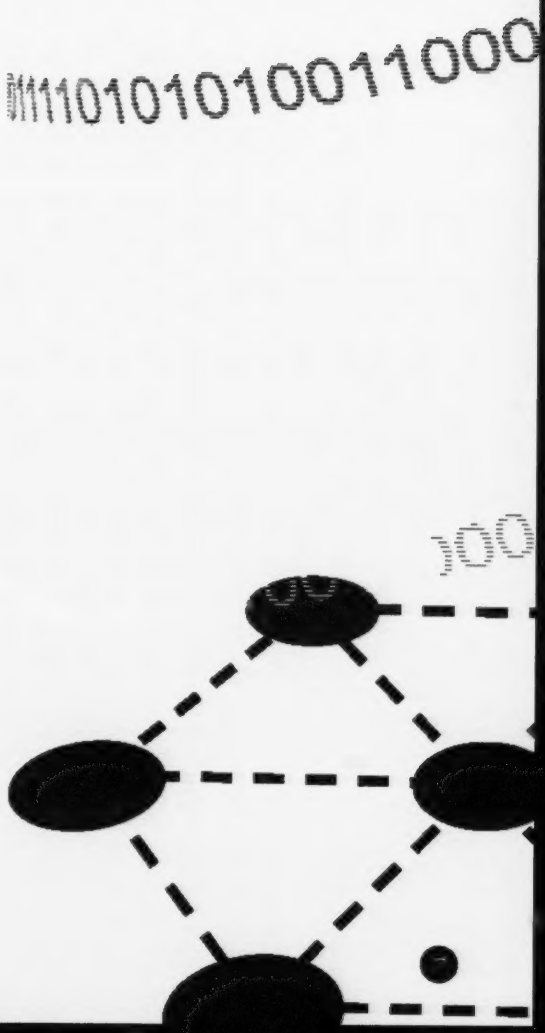
Mandatory continuing education activities

By launching its first mandatory continuing education activity on the new Act in 2010, which was successfully delivered throughout Québec, the OACIQ responded to numerous demands from brokers who had expressed the wish that the Organization dispense mandatory training.

In 2010 the Board of Directors spent a great deal of time deliberating about the OACIQ's form revision process. This transition to new forms that are better adapted to the market and to the today's reality will boost our profession's credibility. Forms will be covered in a second mandatory continuing education activity that will be essential to brokers in their practice.

Operation Communication

The communication initiatives launched in 2010 and listed by the President and Chief Executive Officer in his report had a dual objective. The first was to promote better communication with brokers. To achieve this, the Organization invested a lot of effort in the development of its new website and the revamping of its electronic newsletter and magazine sent to licence holders.



The second objective was to make consumers aware that brokers are true professionals whose expertise is crucial to the success of a real estate transaction. The 2010 advertising campaign, which combined television and internet components, fulfilled this objective. The entirely web-based 2011 campaign will build on this success.

Many positive and constructive comments were received about this campaign, both via our Info OACIQ Telephone Information Centre and from the field. This encourages us to remain very proactive in this area, to echo the name of our new electronic newsletter for brokers.

Elections 2010

For the first time in 2010, directors were elected exclusively by electronic voting. This greatly simplified the voting process for brokers and the vote counting for the OACIQ staff, enabling us to publish the results of the vote much more quickly.

Since this experience proved conclusive, we will repeat it in May 2011 when we fill vacancies for two of four director positions for the Montréal region, and one for the Western region. Another first: after this election, the Board will elect a Chairman among all the elected directors.

In 2011, in accordance with the new Act, the Minister will appoint a third director. Thus the Board will henceforth be comprised of eight licence holders and three appointed representatives.

Changes on the Board

In 2010, the Board of Directors, which is made up of a majority of brokers with many years of field experience in real estate brokerage, welcomed Messrs. Claude Rousseau and Pierre Carrier, two excellent directors appointed by Québec's Minister of Finance.

Mr. Rousseau spent 28 years with a telecommunications company, where he occupied various management positions. Today he is president of the Remparts de Québec group and works as a strategic consultant for Telus Québec and Telus Health Solutions.

Mr. Carrier was Director of Administrative Services and Communications on the *Conseil de la langue française* for more than 10 years. He also worked as secretary of the *Office de la protection du consommateur,* as well as General Manager, Compensation and Review Board Manager for the *Commission de la santé et de la sécurité du travail (CSST).*

Both are also very active in their community and hold a number of directorships and chairmanships. I welcome them in our midst.

I would also like to mention the election to the Board of two new directors for the Montréal region, Messrs. Serge Brousseau and Louis Cayer. Mr. Brousseau is returning to the Board after being a member from 1996 to 2007, including as Chairman from 2001 to 2007, while it is a first term for Mr. Cayer. Thanks to their diverse experience in the field of real estate brokerage, either as agency executive officers or through their involvement with various organizations in the field, they are well positioned to make a positive contribution to the Board's efforts.

I would also like to highlight the great contribution and outstanding dedication of our two outgoing government appointees to the ACAIQ Board of Directors, Mrs. Louise Clément and Mr. Jean Mathieu, who served 6 and 14 years in this role respectively. Their solid involvement on the Board was greatly appreciated.

And finally, I would be remiss if I didn't mention the active involvement on the Board of Mrs. Diane Bourbonnière and Messrs. Réal Bédard and Robert Aubin, who all completed their term in 2010. Mrs. Bourbonnière had been on the Board since 2002, and Mr. Bédard since 2008. As for Mr. Aubin, he was a Director on the Board from 1995 to 2010, and Vice-Chairman from 2008 to 2010.

Professional Liability Insurance Fund

I would also like to mention in this report the healthy financial situation enjoyed by the *Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec.* Sound management of the Fonds will guarantee good long-term management of our financial risks in case of professional errors and omissions.

A CONSTANTLY-EVOLVING PROFESSION

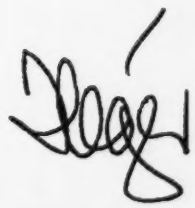
There was never a dull moment in 2010 for all those involved in the practice of real estate brokerage. In a few years, when we look back on everything that we accomplished for the profession in the wake of this momentous hear, we will be able to truly appreciate its impact on the life of our organization. We will realize how much this year helped us handle the challenges and changes inevitably facing our profession, those brought about by new technologies being only one example.

Only one thing is constant in our profession: change. And in order to embrace change, one has to prepare for it. Thanks to the strategic thinking process that surrounded the development of broker skills in 2010, I am confident that all the steps taken, though not without causing some turbulence, will help us advance our profession in the best possible environment.

I would also like to thank Mr. Robert Nadeau and the staff of all OACIQ departments, who put their heart and soul into implementing the new mechanisms for brokers and the public. Despite reluctance on the part of some licence holders, they were able to make the transition in a skilful and professional manner and deserve our praise in every way.

And I cannot conclude without reiterating the unrelenting commitment to and deep attachment for the profession by the members of the OACIQ Board of Directors.

With all the work we accomplished in 2010, using the services of a real estate or mortgage broker is bound to be perceived by everyone as the best way to buy or sell a property or immovable with total peace of mind.



François Léger
Chairman of the Board

Report from the President and Chief Executive Officer

"We are now entering a new cycle in which we will continue to enhance public protection in the field of real estate brokerage and to raise the profile of what is undeniably an essential profession."

From a real estate brokerage practice perspective, the year 2010 was a year of great change for brokers, OACIQ Board members, the Organization and the public. While the journey wasn't always easy and the transition is not yet over, we are certainly headed in the right direction.

With the coming into force of the Real Estate Brokerage Act on May 1, 2010, the Association des courtiers et agents immobiliers du Québec (ACAIQ) changed its name to OACIQ, or Organisme d'autoréglementation du courtage immobilier du Québec. This change impacted our very identity as an oversight organization.

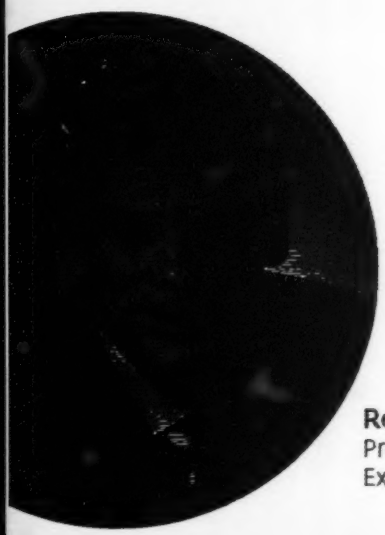
For the Organization's staff and its Board of Directors, the first few months of this effervescence were spent, among other things, finalizing the new regulations in time for the coming into force of the new Act.

All our employees pitched into to set down solid mechanisms for the implementation of the new Act and its regulations, thus clearing the way for us to assume our new responsibilities and deliver the OACIQ's new services to licence holders and the public.

Licence maintenance 2010

These mechanisms include one that allowed us to complete the OACIQ's first licence maintenance drive. This operation was not without eliciting a few reactions, as some brokers were displeased with the higher membership fees, despite the fact that the OACIQ issued numerous communications to explain the reasons for the increase.

In addition, many of the Organization's resources had to be mobilized to set up oversight parameters for this licence maintenance operation, which was successful overall.



Robert Nadeau
President and Chief Executive Officer

NUMBER OF LICENCE HOLDERS

	2011	2010	2009
as at January 1	19,638	17,621	17,323
as at December 31	–	19,638	20,883

RESULTS

	2010*	2009	2008
Revenues	$ 17,554,893	$ 12,465,096	$ 12,631,768
Expenses	$ 16,221,385	$ 11,585,341	$ 12,216,288

*excluding Indemnity Fund

REQUESTS FOR INFORMATION TO INFO OACIQ

	2010	2009	2008
	60,853	42,554	36,662

EDUCATION ACTIVITIES

	2010	2009	2008
Continuing education activities	283	373	476
Mandatory continuing education activity	103	–	–
Total	386	373	476

REQUESTS TO THE ASSISTANCE SERVICE

	2010	2009	2008
	1,805	1,924	1,854

INVESTIGATIONS BY THE OFFICE OF THE SYNDIC

	2010	2009	2008
Investigations opened	322	346	268
Investigations completed	318	261	318
Complaints filed	83	101	87

CERTIFICATE OR LICENCE (since May 1, 2010) REVOCATIONS/SUSPENSIONS BY THE DISCIPLINE COMMITTEE

	2010	2009	2008
	32	49	40

INSPECTIONS OF AGENCIES AND BROKERS ACTING ON THEIR OWN ACCOUNT BY THE INSPECTION DEPARTMENT

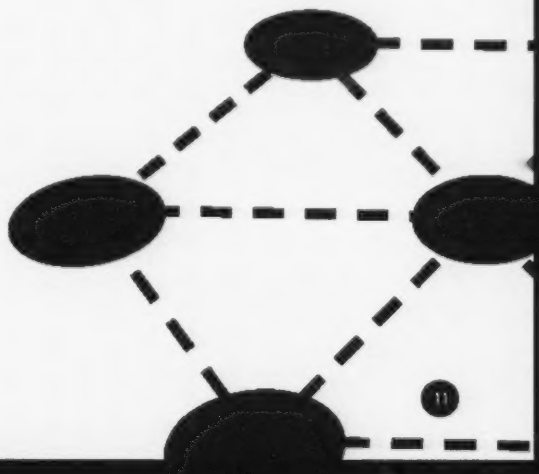
	2010	2009	2008
	295	424	443

ILLEGAL BROKERAGE ACTIVITIES

	2010	2009	2008
Requests for investigation received	173	196	200

HIGHLIGHTS

- Implementation mechanisms for the new Act and regulations:
  - Mandatory continuing education activity on the new Act
  - Electronic document management
  - Forms redesign
  - Development of certification evaluation (new examinations)
- Communication tools revamp:
  - OACIQ website
  - *Profession Broker* publication
  - *pro@ctive* electronic newsletter



Dissemination of information

Many communication initiatives were launched with our various target audiences in 2010 in order to inform everyone of the details surrounding the implementation of the new Act. This transition actually gave the Organization an opportunity to revamp its communication tools – the *ACAIQ Infoletter* became the *pro@ctive* newsletter, the *Info ACAIQ* newsletter changed its name to *Profession Broker* – in order to align their look with our new corporate identity and to make them even more relevant. A lot of effort also went into developing of our new website, which went live on January 31, 2011.

In the course of the year, the OACIQ also launched an advertising campaign aimed at positioning the new Organization in the public's eye and at reminding everyone of the importance of doing business with a real estate or mortgage broker when engaging in the major transaction that is the purchase of a property or immovable. Based on the many positive comments we received, the OACIQ will launch a second phase to this campaign – this time entirely web-based – in March and April 2011.

Mandatory continuing education activity

Another thing that kept us very busy in 2010 was the development and delivery of the mandatory continuing education activity on the new Act. This experience was a first for us. Despite the high number of brokers involved train, everything went off without a hitch, from the logistical setup needed to allow all brokers to attend this activity province-wide (attendance control, recording of continuing education units, etc.) to presenting the sessions themselves.

Consultations on forms

During 2010, many OACIQ departments took part in the work surrounding the forms revision process. In addition to reflecting the changes contained in the new Act, these new forms will answer licence holders' request for more writing space and an 8 ½ x 11 format, which is preferred to 8 ½ x 14.

This revision of our forms, which are at the heart of each transaction for every broker, has also mobilized many of the OACIQ's resources around the planning of a huge undertaking: the consultation tour on the new forms.

Following the comments received from brokers after the consultation tour on the new regulations in February 2009, and in order to reach as many brokers as possible, these consultations are being done using two methods: electronically through the use of a blog (March), and live as part of a cross-Québec tour (April/May).

Electronic consultations

First, brokers' comments are collected via a blog, accessible through *Synbad*, the OACIQ extranet, where the changes contained in the new forms are presented and explained. Brokers have an opportunity to comment on the forms and to respond to interventions by their peers prior to the live consultations.

Live consultations

During the live consultations, we will present a summary of the comments expressed on the blog. We will again explain the changes made to the main forms compared with current forms. Brokers will have an opportunity to voice their opinions about these changes and about any trends that did not receive unanimous approval during the blog consultations.

By proceeding this way, we will ensure that the forms review process takes place in an environment that promotes debate and the exchange of ideas. It will allow us to design forms that are better suited to their needs and the daily reality of their profession.

Electronic document management

We have also invested a lot of effort in the electronic document management (EDM) system in order to increase organizational efficiency and provide tools to help brokers store and maintain their records, books and registers electronically, an option available under the new Act.

MANDATORY EXAMINATIONS – 2010	OLD EXAMINATIONS	NEW EXAMINATIONS			
	Affiliated agents	Chartered brokers and agents	Residential real estate brokerage	Mortgage brokerage	Agency executive officer
Number of candidates	3,367	572	12	13	18

BREAKDOWN OF REAL ESTATE AND MORTGAGE AGENCIES AND BROKERS (as of January 1)

By licence category (certificate under the old Act)

NEW ACT

	2011
Chartered real estate broker*	3,581
Real estate broker	14,119
Mortgage broker	260
Real estate agency	1,650
Mortgage agency	28
Total	19,638

* Broker qualified to act as agency executive officer

OLD ACT

	2010	2009
Chartered agent	2,847	2,725
Affiliated agent	12,942	12,796
Chartered real estate broker	1,774	1,742
Affiliated broker	58	60
Total	17,621	17,323

OFFICE MOVE

While all these projects were underway, the OACIQ also undertook a move of its offices in an effort to improve our efficiencies and financial management. This move had been planned for two years in view of the expiration of the lease on our Auteuil street premises. The Organization is now located at 4905 Lapinière Blvd., in Brossard as well, in a building that is in the process of becoming LEED-certified.

Moving an organization is a complex operation that requires a certain ability to adjust and adapt to a new environment. I would like to salute our entire staff on going through this upheaval while remaining focused on the OACIQ's goals and continuing to help management and Board members carry out the projects related to the implementation of the new Act.

CERTIFICATION

As of January 1, 2011, the number of real estate and mortgage brokers holding a valid licence to practice was substantially higher than it was on January 1 of last year, up to 19,638 from 17,621. This represents an increase of 11%, defying all expectations in this period of economic slowdown.

Some 4,000 individuals availed themselves of their right to take the old examinations in 2010, and 43 underwent the OACIQ's new certification evaluation process, requiring candidates to demonstrate their ability to solve problems based on practical cases.

BREAKDOWN OF REAL ESTATE OR MORTGAGE AGENCIES AND BROKERS (as of January 1, 2011)

BY REGION	Agencies	Brokers	Total
Montréal region			
Montréal (06)	587	6,892	**7,479**
Laval (13)	124	2,090	**2,214**
Montérégie (16)	337	3,294	**3,631**
Sub-total	1,048	12,276	13 324
Québec City region			
Québec (03)	175	1,467	**1,642**
Chaudière-Appalaches (12)	28	199	**227**
Sub-total	203	1,666	1 869
North-East region			
Abitibi-Témiscamingue (08)	6	55	**61**
Bas-Saint-Laurent (01)	13	139	**152**
Saguenay-Lac-Saint-Jean (02)	15	240	**255**
Côte-Nord (09)	7	47	**54**
Gaspésie-Îles-de-la-Madeleine (11)	2	15	**17**
Sub-total	37	441	478
Central region			
Mauricie-Bois-Francs (04)	45	384	**429**
Estrie (05)	61	434	**495**
Lanaudière (14)	71	733	**804**
Sub-total	177	1,551	1 728
Western region			
Outaouais (07)	48	554	**602**
Laurentides (15)	159	1,417	**1,576**
Sub-total	267	2,026	2,239
Total	**1,678**	**17,960**	19 638

Note: The numbers in brackets indicate the numbers of Québec's Administrative Regions

BY FRANCHISER	Agencies	Brokers	Total
Century 21	31	837	**868**
Colliers International (Québec) Inc.	2	24	**26**
Exit	9	74	**83**
Fly immobilier	1	12	**13**
Groupe Sutton	71	2,785	**2,856**
Hypotheca Courtier hypothécaire	11	254	**265**
La Capitale	83	1,521	**1,604**
Le Permanent	2	10	**12**
Multi-Prêts Hypothèques	11	446	**457**
Re/Max	255	3,856	**4,111**
Royal LePage	82	1,852	**1,934**
Trans-Action	1	5	**6**
Sub-total	559	11,676	12,235
Independents	1,119	6,284	7 403
Total	**1,678**	**17,960**	19 638

Note: A franchiser is a company that authorizes at least one franchised agency to use its brand name and system under the terms and conditions of a franchise contract.

ILLEGAL BROKERAGE

With the years, we are noticing an increase in the number of illegal practice cases, especially in the area of mortgage brokerage. About 70% of cases emanate from this sector, while 30% are related to the lease, purchase and sale of immovables or properties.

As of December 31, 2010, there were 260 active illegal brokerage files, compared to 220 in 2009. This 18% increase is substantial and shows the Organization's determination to crack down on illegal real estate and mortgage brokerage activities.

During the year, 133 files were closed for various reasons, including 42 for guilty pleas or verdicts, a direct result of the OACIQ's proactive approach.

While continuing to process cases, the OACIQ was busy developing its new search procedures. This new power, granted to the Organization under the new Act, will give us increased access to evidence in cases of suspected illegal brokerage.

This shows that in spite of the legislative changes and their impact on our internal operations, we have not let down our guard and are continuing to do everything we can to protect the profession against those who flout the laws and regulations in place.

SUMMARY OF ILLEGAL BROKERAGE ACTIVITIES

Files carried over from previous years	**220**
Files opened between January 1 and December 31, 2010	**173**
Total	**393**

FILES CLOSED IN 2010

Reasons for closure	
Insufficient proof or prescription (too much time)	**8**
Advertising only	**1**
Owner of immovable or lessee	**7**
Exception to section 2 of REBA	**1**
Other (deadlock, became a licence holder, etc.)	**65**
Guilty plea	**12**
Judgment (guilty verdict)	**30**
Judgment (acquittal)	**0**
Other	**9**
Total	**133**

ACTIVE FILES AS OF DECEMBER 31, 2010

Status of pending cases	
Under investigation	**177**
Awaiting trial	**80**
Under appeal	**2**
Awaiting judgment or appeals deadline	**1**
Total	**260**

ANNUAL COMPARISON – ILLEGAL BROKERAGE ACTIVITIES

	2010	2009
Files opened during the year	**173**	**196**
Files actives as of December 31	**260**	**220**
Cases awaiting trial	**82**	**71**

INFO OACIQ TELEPHONE INFORMATION CENTRE

In 2010, the number of calls received by the Info OACIQ Centre greatly exceeded 2009 levels. Whereas some 43,000 requests for information had been logged as of December 31, 2009, this number was over 60,000 at the end of last year, including 70% from licence holders.

This increase can be explained in part by the coming into force of the new Act and a continuing booming market. To meet the demand, the Info OACIQ Centre's agents were trained to answer queries concerning the new Act and, as of the first day of implementation, were well prepared to provide information to brokers and members of the public concerning the new legislative and regulatory measures.

Information agents were also very active throughout the year in introducing *Synbad* to brokers who were less familiar with our Extranet site, and helping them register for mandatory continuing education activity on the new Act.

This confirms once again that the Info OACIQ Centre is the best source of information for real estate and mortgage brokers and for members of the public.

NUMBER OF CALLS

	2010	2009
January	**4,100**	3,674
February	**4,201**	3,438
March	**4,883**	3,751
April	**4,851**	3,541
May	**6,232**	3,477
June	**6,053**	3,408
July	**4,309**	3,192
August	**4,785**	3,227
September	**6,138**	3,514
October	**5,859**	3,523
November	**5,740**	4,286
December	**3,702**	3,523
Cumulative	60,853	42,554

Education Department

As of January 1, 2011, more than 17,000 brokers had registered for the mandatory continuing education activity on the new Act, and 103 sessions had been presented. From January 1 to the end of the period allocated to attend the session, which is January 31, 2011, a total of nine sessions will be delivered. This means that by the end of 2010, the great majority of licence holders had already fulfilled their obligation to attend this session and were able to apply their learnings in their daily practice.

As of mid-January 2011, out of all the brokers who were required to attend the session by January 31 to maintain their licences in force, only about 300 had not yet registered for this activity. Throughout the sessions, the great number of participating practitioners provided us with very relevant comments and suggestions that will prove very useful to us on various levels.

To ensure fairness, the Education Department made sure that everyone required to attend the session by January 31 did so from beginning to end. Tour agents greatly simplified the task of licence holders in this regard by following up with them on their registration status.

In addition, many new elements were added to our continuing education activities offer. Some were reviewed and adapted based on the new Act, while others had their content largely revamped.

And finally, the Education Department was actively involved in developing the new platform to evaluate future brokers. For this purpose, it was decided that a sample certification evaluation (examination) developed for each type of licence would be made available on the Organization's website, to ensure that the new competency-based approach is clearly understood by brokers. This allows candidates to the new examination to better prepare for their evaluation.

CONTINUING EDUCATION ACTIVITIES

ACTIVITIES

	2010	2009
Continuing education	**283**	373
Mandatory continuing education	**103**	
Total	386	373

PARTICIPANTS

Continuing education	**5,042**	7,200
Mandatory continuing education	**17,597**	
Total	22 639	7,200

Financial statements

As indicated on the OACIQ's financial statements (see p. 42), the Organization's general operating fund netted a surplus of $1,333,508, compared with $879,755 in 2009, due in large part to new arrivals to the profession.

This increases the Organization's general operating fund from $5,209,695 in 2009 to $6,543,203 in 2010. It is important to remember, however, that $3,104,889 of this surplus has already been allocated to capital investments made necessary, among other things, by our recent move.

This move and the coming into force of the new Act generated a number of expenses in 2010 and will continue to do so in coming years. We will make sure that we consolidate our financial planning in order to strike a healthy balance between our revenues and expenses. This will enable us to anticipate any decrease in revenues that could result from the new entry requirements to the profession and the impact these could have on the rate of new brokers joining our ranks.

Assistance Service

Following an internal restructuring, responsibility for Assistance OACIQ was transferred from the Office of the Syndic to the office of the Vice President, Professional practices.

The Assistance Service fielded 1,805 requests by in 2010, this number remaining relatively stable compared to 1,924 in 2009. Of these, 942 requests came from the public and 745 from licence holders.

As part of the redistribution, the Assistance Service is now the gateway to claims for indemnity claims since the responsibility for the Real Estate Indemnity Fund has been transferred to the OACIQ. All the necessary resources have been put in place to respond to these claims.

The impact of the Assistance Service's new responsibilities in the areas of mediation and arbitration of accounts cannot be evaluated at this time as the change is still too recent.

Things are progressing well

Such sweeping changes within an organization obviously require a period of adaptation. I would like to express my heartfelt thanks to the members of our Board of Directors, who gave us their support throughout this hectic period and offered the OACIQ clear directions to facilitate the transition to the new Act.

I would also like to highlight the enduring contribution of the entire OACIQ staff to the various projects and the smooth running of our Organization. Thanks to the high level of professionalism and commitment shown by our employees at all times, we are firmly positioned to meet the challenges presented by the new legislative framework.

And finally, my thanks go out to all real estate and mortgage brokers for participating in our various forums; I urge everyone to take part in the consultations on the new forms, in which all brokers have a direct interest.

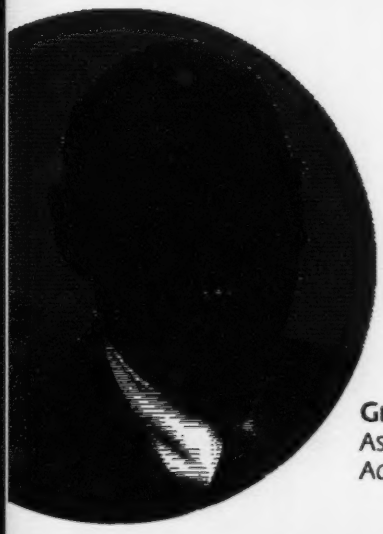
Together, we made the transition to the new Act a success. We are now entering a new cycle in which we will continue to enhance public protection in the field of real estate brokerage and to raise the profile of what is undeniably an essential profession. ●

Robert Nadeau

Robert Nadeau
President and Chief Executive Officer

REPORT
FROM THE SYNDIC

"Our role, which consists in promoting best practices in the field, enables us, along with all the other OACIQ departments, to help raise the standards of our profession. This is a great responsibility, but also a noble mission that has a direct impact on public protection and the advancement of our profession."



GIOVANNI CASTIGLIA
Assistant syndic and
Advisor

Under the leadership of Mrs. Hélène Morand, the Office of the Syndic of the OACIQ deployed considerable effort leading up to the coming into force of the Real Estate Brokerage Act and its regulations.

In November 2010, Mrs. Morand left her position at the OACIQ to pursue other professional challenges. I am assuming her role while we look for her successor.

We continued to build on the exemplary job begun by Mrs. Morand by taking an active part in the implementation of the new Act, which marks a new era for our profession.

CONCEPTS TO BE DEFINED

With its wealth of knowledge and expertise, the Office of the Syndic represents a valuable resource for the development of real estate brokerage as a professional practice. Throughout 2010, it was called upon on numerous occasions to help develop the OACIQ's new positions.

To this end, we were closely involved in the discussion forums on the interpretation of the rules of practice in an effort to harmonize our practices with the legislation. More specifically, the OACIQ Syndic carefully reviewed the concept of conflict of interest and the principle of collaboration in the commercial practice of real estate brokerage.

Members of the Office of the Syndic also participated closely in the thought process surrounding the verification obligations in the field of mortgage brokerage. This work is part of an ongoing project to document mortgage brokerage practices, which also comes under the OACIQ's responsibility.

The Office of the Syndic and several practitioners were also called upon to help develop practices guides for mortgage and commercial brokerage, and to design the new skills-based examinations.

In terms of internal structure, the team helped implement a mechanism that will allow anyone to apply to the Syndic Decision Review Committee in cases where the syndic opted not to file a complaint.

Mandatory continuing education activities

I would also like to underscore the great contribution made by my colleagues towards developing the content of the mandatory continuing education activity on the new Act and delivering it to the brokers.

Another major file involving the Office of the Syndic has been the new contracts and forms that will be submitted to brokers in the course of the upcoming consultations. Naturally, the same attention will be given by the Syndic to the development of the mandatory continuing education activity on these new forms. This activity will be just as important as the first mandatory activity, since it involves the most important tool that brokers use in their daily brokerage practice.

The mandate of the Office of the Syndic being to guide brokers in the application of good real estate or mortgage brokerage practices, our contribution to the development of this mandatory continuing education activity will be vital.

Investigations involving OACIQ licence holders

Investigations opened during the year

	2010	2009
Total	322	346

Investigations completed during the year

	2010	2009
Total	318	261

Under investigation or awaiting review

	2010	2009
Total	362	277

Office of the Syndic team

Mario Baillargeon
Senior Assistant to the Syndic

Carletta Calin
Records Agent

Giovanni Castiglia
Assistant syndic and Advisor

Isabelle Daoust
Records Agent

Robert Deschamps
Assistant Syndic

Richard Frigon
Investigator

Yves Gardner
Assistant Syndic

Sylvie Jacques
Investigator

Réjean Lebel
Assistant Syndic

François Pigeon
Assistant syndic and Advisor

Julie Pinet
Assistant Syndic

Fraud

The implementation of the new Act resulted in a slight decrease in investigation activity for the Syndic's team. As well, the arrival mid-year of new Discipline Committee Vice-Chairs helped clear a good portion of the disciplinary hearing roster.

The most common offences pertained to fraud, conflicts of interest and collaboration between brokers.

In total, 322 files were opened in 2010 compared to 346 in 2009. The number of cases under investigation or awaiting review increased in 2010, going to 362 from 277 in 2009. Of the cases investigated, 92 were referred to our lawyers for potential filing before the Discipline Committee. As for the number of complaints submitted to the Discipline Committee, it decreased to 83 from its 2009 level of 101.

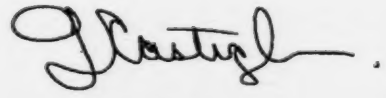
The Office of the Syndic continues to act proactively in its handling of cases. Every time a case was brought into the public eye by the media, the Syndic had already begun to intervene. This is very reassuring for both brokers and the general population.

The new Act and the direction of our practice

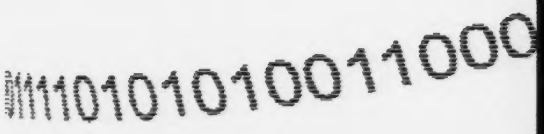
As one can see from this report, the Office of the Syndic itself has had to adapt to the new Act and its regulations in order to help set parameters. The general upheaval brought about by this situation turned out to be very invigorating for the entire team, because it brought into question the very way we define and delimit the oversight of real estate and mortgage brokerage, both residential and commercial. As a result, we will be able to provide licence holders with the tools they need to practice their profession capably.

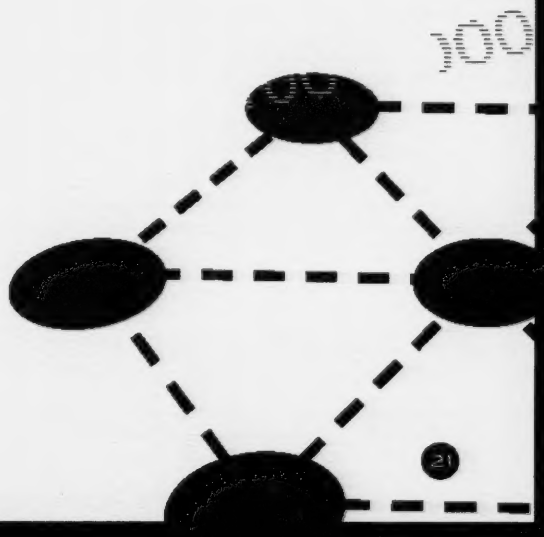
Our role, which consists in promoting best practices in the field, enables us, along with all the other OACIQ departments, to help raise the standards of our profession. This is a great responsibility, but also a noble mission that has a direct impact on public protection and the advancement of our profession.

I would like to thank all the members of the Office of the Syndic for their efficient assistance in this huge endeavour. The professionalism with which they approach each project and their sound judgment have been an enormous asset to me. I feel fortunate to enjoy the support of such a solid team during this period, which is turning out to be a mobilizing and very promising one in every respect in the life or our organization. ●



Giovanni Castiglia
Assistant syndic and Advisor





Report from the Syndic Decision Review Committee

With the coming into force of the new Real Estate Brokerage Act (R.S.Q., c. C-73.2) on May 1, 2010, a Syndic Decision Review Committee was formed. The role of this new committee is to issue an opinion on the Syndic's decisions in cases the syndic has opted not to file a complaint before the OACIQ Discipline Committee following an investigation.

When a file is opened at the Office of the Syndic, the Syndic in charge of the file may decide either to file a complaint before the Discipline Committee, to close the file without filing a complaint, or to close the file with an undertaking. In cases where the Syndic opts not to file a complaint, he has an obligation to inform the applicant of the reasons for this decision in his notification letter.

A person who applied to the Syndic to investigate a case may, within 30 days following receipt of the syndic's decision not to file a complaint before the Discipline Committee, request an opinion from the Syndic Decision Review Committee.

In this opinion the Committee may conclude that the filing of a complaint is not justified, suggest that the Syndic complete his investigation, suggest that the Syndic refer the case to the Inspection Committee, or conclude that the filing of a complaint is justified and suggest someone who can be appointed as Syndic to file a complaint.

The Committee held its first organizational session on October 7, 2010, at which time it defined its operating procedures. As of December 31, 2010, no request for an opinion had been made to the Committee. ●

Michèle Gagnon
Chair of the Syndic Decision Review Committee

Michèle Gagnon
Chair of the Syndic Decision
Review Committee

MEMBERS
SYNDIC DECISION REVIEW COMMITTEE

Chair

Michèle Gagnon

Members

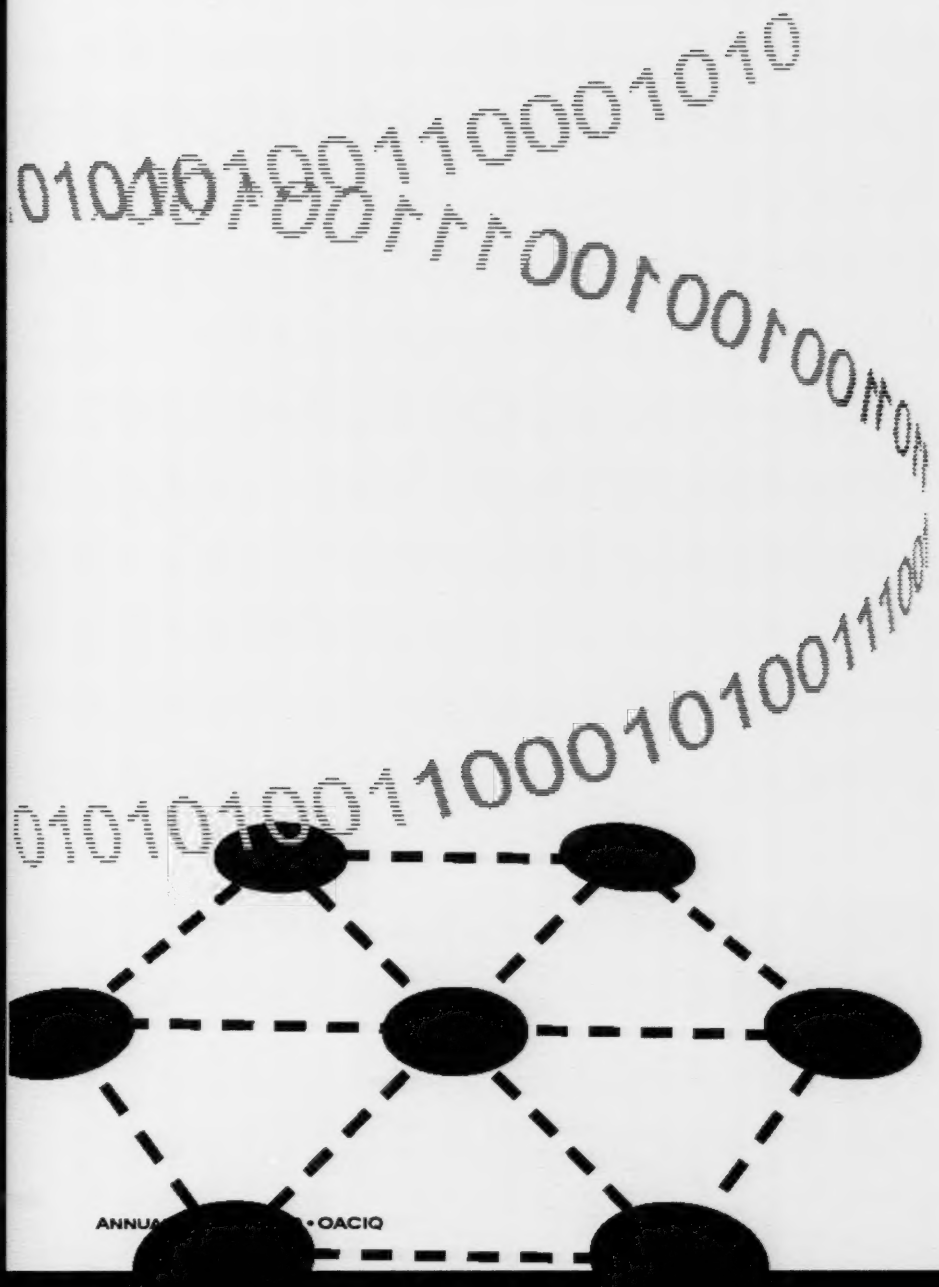
Pierre Albert

Francine Thibeault

Experts

Me Patricia Couture
Manager, Registries

Estelle Richard
Agent, Registries



REPORT
FROM THE DISCIPLINE COMMITTEE

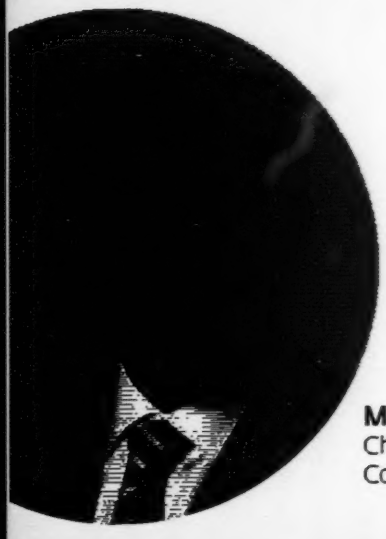
The Discipline Committee reviews all complaints made against Organisme d'autoréglementation du courtage immobilier du Québec licence holders for violations of the provisions of the Real Estate Brokerage Act and its regulations.

The Discipline Committee is constituted pursuant to this Act and is fully autonomous and independent from the Organization's Board of Directors and staff.

The Discipline Committee's operating rules were revised under the new Real Estate Brokerage Act (R.S.Q., c. C-73.2), which came into force on May 1, 2010, and the regulations thereunder.

Among other things, the new Act allows for the appointment of a Chair and several Vice-Chairs. To this effect, on May 27, 2010 Finance Minister Raymond Bachand appointed Me Claude G. Leduc as Discipline Committee Chair, and Me Brigitte Deslandes, Me Caroline Malo and Me Érick Vanchestein as Vice-Chairs, and renewed the terms of Me Gilles Duchesne and Me Patrick Choquette as Vice-Chairs. In addition to the Chair and Vice-Chairs, the Committee is comprised of approximately 60 brokers.

Complaints are usually reviewed by a division of the Committee comprised of three members, including two brokers and the Chair or one of the Vice-Chairs. This division of the Committee may be comprised of more than three members at the Chair's discretion. The members of the profession who sit on the Committee are selected from a group of real estate brokers and agents appointed to the Discipline Committee for a three-year term by the Organization's Board of Directors. The Board also appoints the Committee's secretary. Some of the Committee's decisions may be appealed before the Court of Québec.



Me Claude G. Leduc, Ad. E.
Chair of the Discipline Committee

Discipline Committee complaints, hearings and decisions (Tables I and II) (January 1 to December 31, 2010)

In general the complaints heard by the Discipline Committee relate to major offences. As of December 31, 2010, the Office of the Syndic of the Organization had filed 83 complaints before the Discipline Committee.

The Committee held 10 hearings on provisional suspension, 67 hearings on guilt (including motion hearings), 30 hearings on penalties and 26 hearings on guilt/penalties following a guilty plea. Postponements were granted 40 times.

The Committee rendered no decision on provisional suspension, 29 decisions on guilt, 30 decisions on penalties, 26 decisions on guilt and penalties following a guilty plea, and 3 non-guilty decisions. At year's close, 18 decisions on guilt or motions and 17 decisions on penalties remained under deliberation.

MAKE-UP DISCIPLINE COMMITTEE

As of December 31, 2010, the Discipline Committee of the OACIQ was made up of the following members.

Chair

Me Claude G. Leduc

Vice-Chairs

Me Gilles Duchesne
Me Patrick Choquette
Me Caroline Malo
Me Brigitte Deslandes
Me Érick Vanchestein

Members

Ariëns, Imelda
Barrette, Renée
Beauregard, Pierre
Belley, Louise
Bissonnette, Suzanne
Bolduc, Daniel
Bolduc, Danielle
Bureau, Denis
Charron, Claude
Cholette, Ginette
Ciocca, Salvatore
Corbeil, Jean-Marc
Côté, Mélissa
Daoust, Robert
De Langavant, Laura-Nancy
Dourakis, Spyros
Dufresne, Yvan
Dufresne, Yves
Dupras, Marie-Andrée
Fecteau, Luce
Forlini, Nancy
Gagnon, Antoine
Gagnon, Micheline
Gagnon, Normand
Gaspard, Jean-Pierre
Gaulin, Patricia
Gauthier, Stéphanie
Geoffrion, Michel
Giroux Laveau, Lana
Goulet, Christian
Guertin, Jean
Guilbert, Marie-Josée
Hardacker, Lois
Havard Grisé, Suzanne
Jones, Stewart
Lamirande, Mario
Langelier, Michèle
Lavieville, Clara
LeBel, François
Lecompte, Éloi
Léger, Éric
Lemaire, Frantz
Leroux, Robert
Liboiron, Michel
Longo, Vito
Mailloux, Luc
Mammarella, Domenico
Marchand, Denyse
Merrien, Thierry
Morrow, René
Nicolas, Habib
Paquette, Rolland G.
Paquin, Michel
Racine, Normand
Roy, Louise
Ruiz, Carlos
Rzik, Abdelaziz
Stathakis, Georgios
Thibault, Renaud
Thibault, Sylvain
Villiet, François

Secretary

Chantal Peltier

Assistant Secretaries

Chabha Amirèche
Catherine Lalonde

Hearings Clerk

Myriam Painchaud

TABLE I: NUMBER OF CASES

	2010	2009
In progress as at January 1	**138**	123
Filed during the period	**83**	101
	221	224
Less		
Decisions rendered on penalties (including guilt/penalties)	**56**	79
Acquittals	**3**	6
Withdrawals/ terminations of proceedings	**1**	1
Cases in progress as at December 31	**161**	138

TABLE II:
HEARINGS – POSTPONEMENTS – DECISIONS

	2010	2009
Hearings held		
On provisional suspension	**10**	4
On guilt	**66**	68
On penalties	**30**	36
On guilt / penalties	**26**	35
Postponements granted	**40**	27
Decisions		
Under deliberation on provisional suspension	**4**	0
Under deliberation on guilt	**14**	14
Under deliberation on penalties	**17**	13
Rendered on provisional suspension	**0**	1
Rendered on guilt	**29**	34
Rendered on penalties	**30**	38
Rendered on guilty plea	**26**	41

Penalties (Tables III and IV)

Under the new Real Estate Brokerage Act, the Discipline Committee may impose various penalties ranging from reprimand to temporary or permanent licence revocation. The Committee may also impose fines of a minimum of $1,000 and a maximum of $12,500 per accusation count. Penalties are determined by the Committee based on the seriousness and circumstances of the offence, with a view to protecting the public.

The Committee issued 22 reprimands and imposed 44 fines totalling $133,900. Generally, the payment of costs is ordered each time a guilty decision is rendered. In addition, there were 8 cases where the Committee recommended that the Board of Directors require a licence holder to take a course and the related examinations. It recommended that the licence holder attend a continuing education course in 2 cases; ordered restrictions on the right to practice in 2 more cases; and issued other types of orders in a further 2 cases. There were also 32 cases of suspension of certificate or licence (since May 1, 2010) for periods ranging from 15 days to permanent suspension.

A total of 31 notices of suspension issued by the Committee were published in newspapers in 2010, and one was published in the *Info ACAIQ* newsletter (now called *Profession Broker*) and on the Organization's website only.

TABLE III: PENALTIES

	2010	2009
Penalties ordered		
Reprimands	**22**	28
Fines	**44**	53
Mandatory courses	**8**	15
Restrictions on right to practice	**2**	10
Revocations/suspensions*	**32**	49
Continuing education	**2**	9
Other orders	**2**	3

* Suspensions ordered by the Discipline Committee are sometimes accompanied by a fine. In addition, the Committee may suspend a defendant's licence on several counts of the same complaint.

TABLE IV: FINES AND PUBLICATIONS

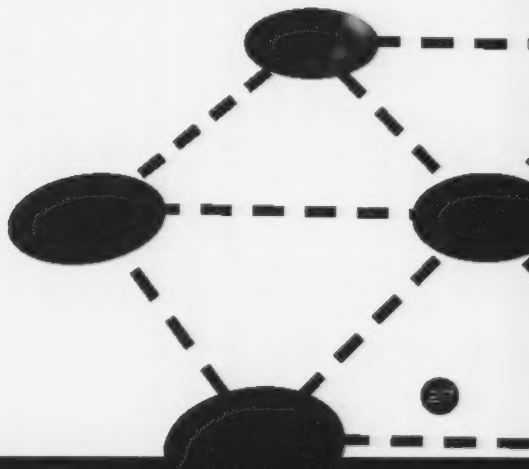
	2010	2009
Penalties		
Total fines	**$ 133,900**	$ 178,900
Decisions published in newspapers		
Suspensions/revocations	**31**	47

Nature of charges

The accusations brought before the Discipline Committee related to offences under the previous Real Estate Brokerage Act, the Rules of Professional Ethics of the ACAIQ, the By-law of the ACAIQ, the Regulation respecting the application of the Real Estate Brokerage Act, or under the new Real Estate Brokerage Act and the new Regulation respecting brokerage requirements, professional conduct of brokers and advertising for offences committed after May 1, 2010. It should be noted that a charge may be brought under more than one section of the Act or regulations.

I wish to thank the Registries staff, all the members of the Committee and the Vice-Chairs for great availability and their exemplary contribution to the work of the Discipline Committee. ●

Me Claude G. Leduc, Ad. E.
President of the Bar
Chair of the Discipline Committee



Report from the Inspection Committee

"The goal of the OACIQ Inspection Department is to be an ally for brokers and agencies."

Since the coming into force of the new Real Estate Brokerage Act on May 1, 2010, the Inspection Committee has been helping brokers improve their professional practices. It is extremely rewarding for the Inspection Committee to have an impact on our profession's quality standards, because in the end, everyone benefits. The better brokers master the ins and outs of their profession, the better the profession as a whole and their own visibility will be. This is why the OACIQ Inspection Department sees itself as an ally. Our entire profession is at stake.

Pierre Martel
Chair of the Inspection Committee

The new Real Estate Brokerage Act and the regulations thereunder

The Inspection Committee and the Inspection Department's staff initiated many processes in preparation for the implementation of the new Real Estate Brokerage Act. We were there to support agencies and brokers as they integrated the changes brought about by the new Act.

The new Act allows the electronic keeping of records and registers. During inspection visits, the Inspection Department can verify how the digitization process is implemented, what type of backup media is used, how confidentiality, integrity and document safeguarding are handled, and how paper copies are disposed of.

Residential, commercial and mortgage brokerage

In 2010, 295 agencies and brokers acting on their own account in residential brokerage, 57 in commercial brokerage and 7 in mortgage brokerage were visited by an inspector. The total number of inspections was lower than in 2009 due to the higher number of competency-based inspections.

Competency-based verification

Brokerage contract and transaction records completed by 995 brokers were verified based on competencies. Each broker received a personalized report containing the inspector's observations and recommendations. These inspections of the professional practices of brokers have a direct impact on the protection of the public because they concern actions involving the consumer. These actions reflect the way brokers fulfill their obligations regarding the brokerage contracts and transaction promises that they draft and negotiate. To this effect, an Inspection Capsule entitled *"Competency verification: a new tool to improve our profession's image"* was published in the first edition of the *Profession Broker* newsletter in November 2010.

Inspection Committee recommendations

The recommendations issued by the Committee following inspections pertain mostly to unlawful remuneration sharing, brokers neglecting to send their agency the documents needed to maintain records and registers, and a few cases of non-collaboration.

Regular inspections are supplemented by an online self-inspection questionnaire that must be completed each year. In 2010, 1,547 agencies and brokers acting on their own account received and completed a short version of this questionnaire. Some 226 long-form questionnaires were also issued, touching on all aspects of the administration of a brokerage office, including advertising, brokerage contract and transaction records, conflicts of interest and disclosures, including in the area of referrals. The questionnaire also covers trust accounts, document management, and confidentiality. The long-form self-inspection process is basically the equivalent of a real inspection.

Trust accounts

Since May 1, 2010, the new Act requires brokers acting on their own account and agencies to open and maintain a general trust account. The Inspection Department followed up on the opening of approximately 1,400 trust accounts.

The new education session on managing trust accounts provides the help brokers need to understand how to handle deposits and advances on remuneration and disbursements, two concepts that have emerged with the coming into force of the new Act.

A total of 1,533 agencies and brokers acting on their own account have a general trust account, and 345 agencies have delegated their trust account obligations to another agency.

MEMBERS
INSPECTION COMMITTEE

The members of the Inspection Committee for the year 2010 were:

Chair

Pierre Martel

Members

Laurent N. Bennarous
Nathalie Clément
Marc-André Pilon

Committee Secretary

Claudie Tremblay
Vice President,
Professional Practices

Substitute Secretary

Francine Boucher
Manager,
Inspection Department

INSPECTION DEPARTMENT TEAM

Lyne Audet
Inspector

Doreen Carrière
Agent

Louise Dessureault
Inspector

Karyne Dubreuil
Coordinator

Lisa Gougeon
Agent

Rim Hadjem
Administrative Assistant

Patrick Hiriart
Inspector

Nicolas Jorizzo
Inspector

Johanne Langlois
Agent

Céline Larouche
Inspector

Serge Legault
Consulting Inspector

Marie Thérèse Lessard
Inspector

Diane Martineau
Inspector

Start-up sessions

New licence-holding agencies and brokers acting on their own account are invited to attend a start-up session. This consists in a half-day training session that also serves as an initial inspection. It is used to review the responsibilities of the agency executive officer and the broker acting on his own account, as well as the various aspects of the keeping of records and registers, broker supervision, and conflict and dispute management. A total of 143 licence holders attended these sessions in 2010.

Conflicts of interest and notices of disclosure

Under the new Real Estate Brokerage Act, brokers are no longer required to send disclosure notices and related documents to the Organization without delay. This has been replaced by a register which agencies and brokers acting on their own account are required to maintain. This information was communicated to licence holders by the Inspection Department via the *Pro@ctive* e-newsletter last July. For the period prior to the coming into force of the new Act therefore 1,854 notices were received and reviewed.

The many facets of continuing education

All inspection-related educations materials were updated following the coming into force of the new Act. In addition to start-up sessions, the OACIQ provides support for the keeping of records and registers and the managing of trust accounts by presenting education sessions on these topics. Nineteen such sessions have been held to date, attended by a total of 253 executive officers, brokers acting on their own account, and assistants.

Satisfied agencies and brokers acting on their own account

Mindful of the quality of the services it offers, the Inspection Committee devised an appreciation questionnaire to accompany the report mailed to agencies and brokers following an inspection. The responses contained in the 132 returned questionnaires were on the whole very positive and confirm that the principle of assistance and prevention championed by the Organization is favourably perceived.

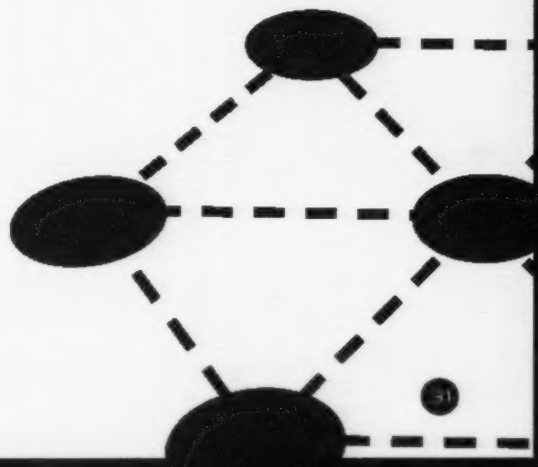
In ending, on behalf of the Committee, I would like to thank the entire Inspection Department staff. ●

Pierre Martel
Chair of the Inspection Committee

STATISTICS 2010

	2010	2009
Inspections of agencies and brokers on their own account		
Commercial	**57**	58
Mortgage	**7**	12
Residential	**295**	349
Other (inactive)	**12**	5
Start-ups	**143**	166
Self-inspection – Long-form questionnaire	**226**	270
Total	740	860
Reports to brokers, competency-based	**995**	581
Self-inspection of agencies and brokers on their own account – online (Long- and short-form)	**1,773**	1,729
Total number of agencies and brokers on their own account who have a trust account		
As of the end of December of each year	**1,533**	386
Agencies and brokers on their own account inspected in the course of the year who have a trust account	**162**	46
Receipt and review of disclosure notices*		
As of the end of December of each year	**1,854**	2,542
Referred to Assistance Service	**1**	10
Information letters related to disclosure notices	**469**	703
Commitments		
Attending an education session or complying with various regulatory provisions	**18**	44

* The decrease is due to a change in the Act, which no longer requires that disclosure notices be sent to the OACIQ.



Report from the Licence Issue and Maintenance Committee

The mission of the Committee is to make decisions regarding licence issue or maintenance where an applicant or a licence holder has had their licence revoked, suspended or made subject to restrictions or conditions by the Discipline Committee of the OACIQ or by another real estate organization, or was the subject of a receiving order, an assignment of property, a disciplinary, penal or criminal conviction having a link with the activity or real estate broker or agency, or of protective supervision of a person of full age.

Following the coming into force of the new Real Estate Brokerage Act (R.S.Q., c. C-73.2) on May 1, 2010, the ACAIQ Decision Committee on Criminal Offences became the Licence Issue and Maintenance Committee.

The role of the ACAIQ Decision Committee on Criminal Offences was to determine whether a link existed between the activity of real estate broker and the criminal offence which a certificate applicant had been found guilty of or had pleaded guilty to during the five years preceding the application. If such a link was determined to exist, the application for issuance was refused.

The role of the Licence Issue and Maintenance Committee has been expanded compared to that of the former Decision Committee on Criminal Offences. In addition to criminal convictions, the circumstances in which the Committee can intervene now include penal or disciplinary convictions where these have a link with broker or agency activities.

In addition, the Committee may now also review cases involving bankruptcy, guardianship, curatorship or appointment of an adviser to a person of full age, as well as cases where an applicant or licence holder has had their licence revoked, suspended or make subject to restrictions or conditions by the OACIQ Discipline Committee or a body in Québec or in another province or State responsible for overseeing and monitoring real estate brokerage.

The Committee may review the prior records not only of new licence applicants, but also of current licence holders, even if such records date more than five years.

Depending on circumstances, the new Committee may decide to issue or not to issue a licence to an applicant, or to impose restrictions or conditions thereon. The Committee may also take measures against a current licence holder, including suspending or revoking a licence or making it subject to restrictions or conditions.

I would like to thank my colleagues, Christiane St-Jean and Raymond Vaillancourt, who were with me through the transition from the former Decision Committee on Criminal Offences to this new Committee, and welcome new members Marc-André Filion and Paul Huard. The expertise, depth and dedication with which they handle each case submitted to the Committee benefit the entire profession and contribute to our advancement.

Georges Halasz
Chair of the Licence Issue and Maintenance Committee

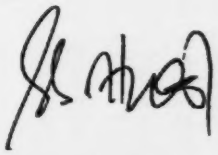
Activities of the Decision Committee on Criminal Offences January 1 to April 30, 2010

The Committee met four times during this period and reviewed 18 cases. In five of these cases the Committee determined the existence of a link between the activity of broker and the criminal offence which the certificate applicant had been found guilty of or pleaded guilty to. The criminal offences for which the Committee determined the existence of a link with real estate brokerage included theft, drug possession with intent to traffic, narcotics trafficking, advising to commit a criminal act, and identity fraud. In these cases, in accordance with the regulations in force, the ACAIQ refused to issue the certificate applied for.

Activities of the Licence Issue and Maintenance Committee May 1 to December 31, 2010

As of May 1, the new Committee met six times and reviewed 33 cases. Of these, 19 pertained to criminal offences, two to disciplinary offences, 11 were bankruptcy cases, and one involved both disciplinary offences and a bankruptcy. None of the decisions rendered in 2010 concerned a licence holder.

In four cases, the Committee determined the existence of a link between the offence which the certificate applicant had been found guilty of or pleaded guilty to and the activity of broker or agency, and thus refused to issue the licence applied for. Two of these cases concerned disciplinary offences heard by a discipline committee or council other than that of the OACIQ, and two more cases pertained to criminal offences involving the production of narcotics. As of December 31, 2010, six cases remained under deliberation. ●



Georges Halasz
Chair of the Licence Issue and Maintenance Committee

APPLICATIONS REVIEWED BY THE CRIMINAL OFFENCE REVIEW COMMITTEE (January 1 to April 30, 2010)

	2010	2009	2008
Applications submitted	18	57	52
Applications denied	5	11	4

APPLICATIONS REVIEWED BY THE LICENCE ISSUE AND MAINTENANCE COMMITTEE (May 1 to December 31, 2010)

	2010	2009	2008
Applications submitted	33	–	–
Applications denied	4	–	–

MEMBERS
LICENCE ISSUE AND MAINTENANCE COMMITTEE

Chair

Georges Halasz

Members

Christiane St-Jean

Raymond-Noël Vaillancourt

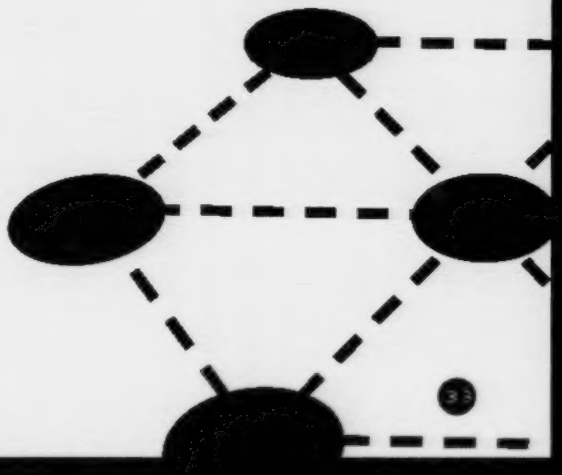
Marc-André Filion

Paul Huard

Experts

Me Patricia Couture
Manager, Registries

Estelle Richard
Agent, Registries



Report from the Indemnity Committee

Created on May 1, 2010 by the new Real Estate Brokerage Act (R.S.Q., c. C-73.2), *the Real Estate Indemnity Fund is dedicated to the payment of indemnities to victims of fraud, fraudulent tactics or misappropriation of funds for which a broker or agency is responsible.*

The Indemnity Committee created within the Organisme d'autoréglementation du courtage immobilier du Québec rules on the eligibility of claims submitted to it and decides the amount of the indemnities to be paid.

Since May 1, 2010, a new Indemnity Fund was created under the Real Estate Brokerage Act (R.S.Q., c. C-73.2). This Fund, which is managed by the Organisme d'autoréglementation du courtage immobilier du Québec, is dedicated to the payment of indemnities to victims of fraud, fraudulent tactics or misappropriation of funds for which a broker or agency – real estate or mortgage brokerage – is responsible. The role of the Indemnity Committee, created within the Organization, is to decide on the eligibility of claims filed against brokers or agencies and set the amount of indemnity payable to victims. Under the new regulations, the maximum indemnity payable has been raised from $15,000 to $35,000 per claim in cases of fraud, fraudulent tactics or misappropriation of funds committed as of May 1, 2010.

Thus since May 1, 2010, the Organization has taken over a role which, from 1985 to that date, had been handled by the Fonds d'indemnisation du courtage immobilier, a government agency working independently from the Association des courtiers et agents immobiliers du Québec.

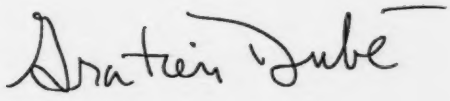
To ensure a smooth transition between the Fonds d'indemnisation and the Organisme d'autoréglementation du courtage immobilier du Québec, the new Real Estate Brokerage Act stipulates that the Organization is substituted for the Fonds effective May 1, 2010. The Act also states that the Fonds' affairs are to be taken over by the Organization. On May 1, 2010, the members of the Fonds' Board of Directors automatically became members of the Indemnity Fund. On October 20, 2010, the Organization's Board of Directors appointed Me Nada Najm as Vice-Chair of the new Committee.

Gratien Dubé
Chair of the Indemnity Committee

MEMBERS
INDEMNITY COMMITTEE

We are pleased to submit the Indemnity Committee's first activity report.

As of May 1, 2010, 98 files were under review. The Indemnity Committee met four times after that date and processed 41 claims. The Committee rejected 26 of these claims, and 15 are still under deliberation. Two files were closed for administrative reasons. Since May 1, 2010, 46 new files were opened, for a total of 101 files under review as of December 31, 2010. ●



Gratien Dubé
Chair of the Indemnity Committee

Chair

Gratien Dubé

Vice-Chair

Me Nada Najm

Members

Marcel Le Houillier

Maryse Bourgeault

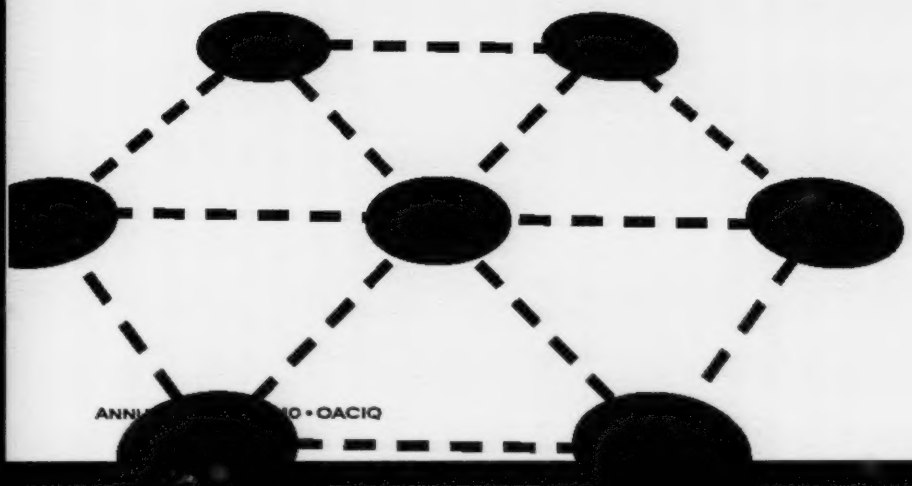
Aline Duplessis

Lise Légaré

Experts

Me Patricia Couture
Manager, Registries

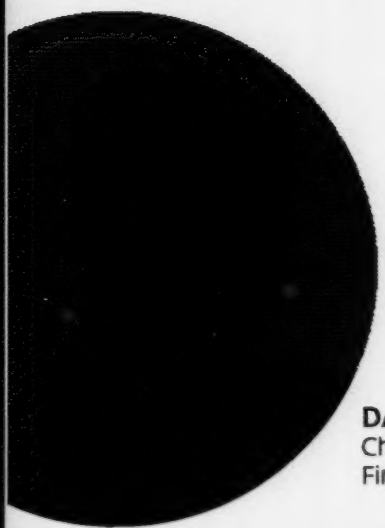
Estelle Richard
Agent, Registries



Treasurer's Report

"The OACIQ is consolidating its financial planning in order to maintain a healthy balance between revenues and expenses."

With the integration of the former Fonds d'indemnisation du courtage immobilier into the OACIQ as of May 1, 2010, the format of our financial statements had to be reviewed in order to adequately reflect this change. The new Indemnity Fund remains separate from the OACIQ's general operating fund and, as such, requires a separate accounting function, as you can see from our financial statements.



Daniel Pelchat
Chair of the Audit and Finance Committee

General operating fund

Revenues

In 2010, total revenues in the OACIQ's general operating fund were $17,554,893, up from $12,465,096 in 2009. This jump in revenues is due in great part to the increase in chargeable fees that came into effect on May 1, 2010, as well as to the number of new licence holders entering the profession from the old training course.

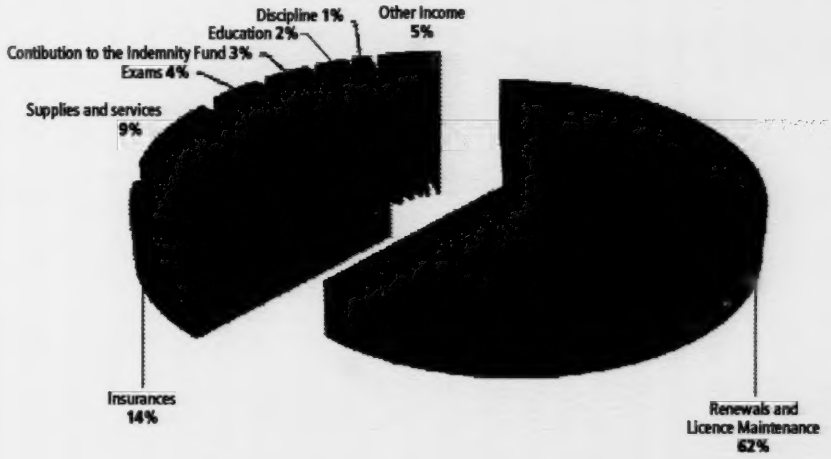
Expenses

In 2010, total expenses in the OACIQ's general operating fund were $16,221,385, compared to $11,585,341 in 2009.

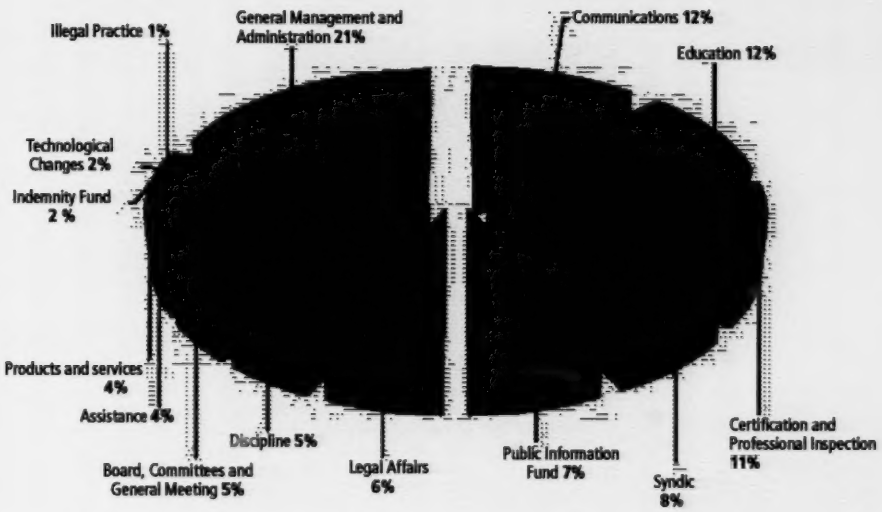
The administration of the new Act resulted in a high level of expenses for the year. One example is the mandatory continuing education activity on the new Act, which caused a sizeable leap in the Organization's continuing education expenses, i.e. from $729,817 in 2009 to $ 1,611,869 in 2010. The responsibilities befalling the Organization have also necessitated the hiring of several new employees in various areas of activity. The arrival of these new employees, the need to provide sufficient and adequate space to train them as well as space for hearings by various committees, coupled with the fact that our lease was expiring on the premises that we had occupied since 2000, are the reasons that prompted the OACIQ to relocate its offices. Thus our occupancy expenses also show an increase for 2010. As explained by the President and Chief Executive Officer in his report, this decision was motivated by our desire to manage effectively, achieve economies of scale and ensure sound management of the OACIQ's finances.

In addition, the television and web campaign to position the new Organization in the public eye and remind people about the importance of using the services of a real estate broker for their real estate transactions was responsible for an increase in information fund expenses from $103,592 in 2009 to $1,301,559 in 2010. The cost of this campaign alone totalled $1,252,546.

REVENUES 2010 : $19,708,474



EXPENSES 2010 : $17,968,314



MEMBERS
AUDIT AND FINANCE COMMITTEE

Chair

Daniel Pelchat

Members

François Léger
Johanne Roy
Pierre Carrier
Robert Nadeau

Experts

Claude Barsalou
Vice-President
General Management

Vo-Long Truong
Vice-President
Finance and Physical Resources Management

Nadine Corbeil
Manager
Accounting and Finance

Surplus

For the year 2010, the surplus in the general operating fund is $1,333,508 compared to $879,755 in 2009, bringing the accumulated surplus in the Organizations' general operating fund from $5,209,695 in 2009 to $6,543,203 in 2010, which is good news for the OACIQ. It is important to note, however, that a good portion of these surpluses have already been allocated to capital investments made necessary, among other things, by our recent move. This portion represents $3,104,889.

Indemnity Fund

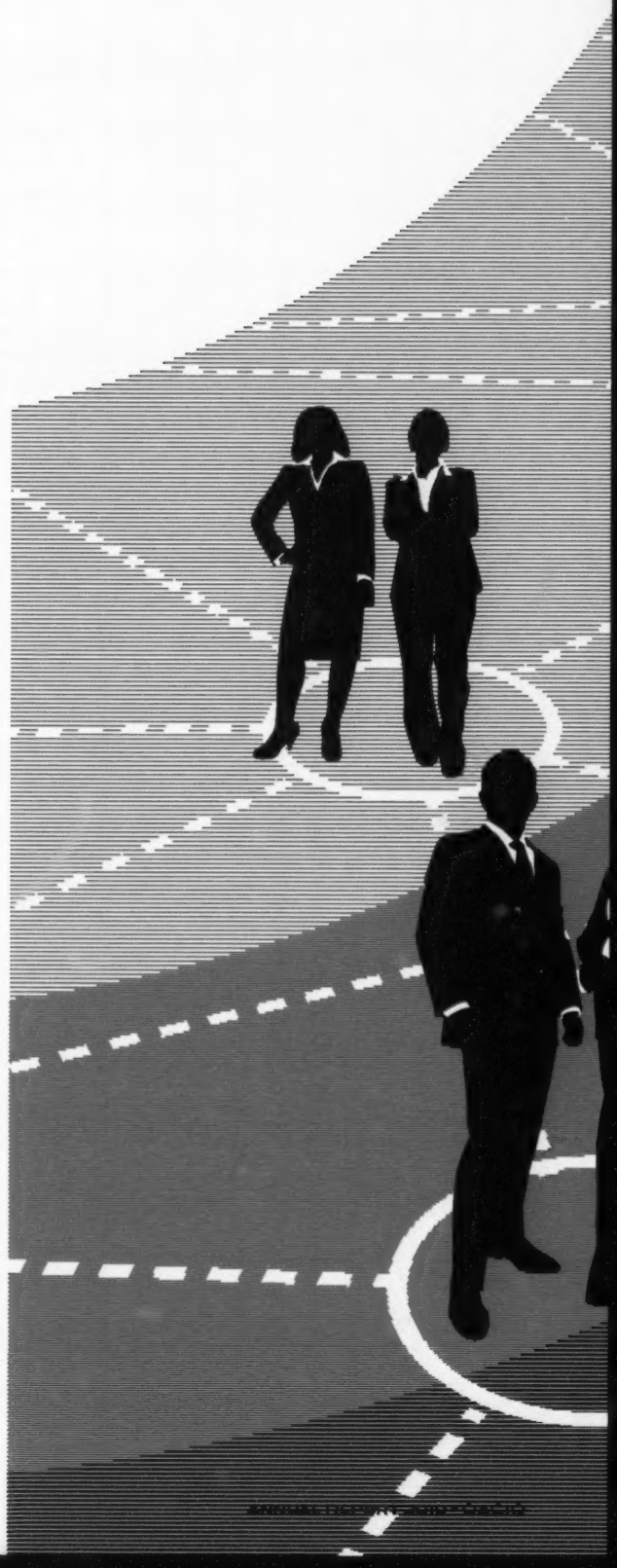
Since May 1, 2010, the activities of the Indemnity Fund come under the Organization's responsibility. On that date, the annual contribution to the Fund went from $10 to $53 per licence, while the maximum indemnity for victims increased from $15,000 to $35,000. The activities of the Indemnity Fund resulted in $406,652 surplus for eight months of operation in 2010, raising this Fund's accumulated surplus to $2,503,898.

Forecast

The marked rise in the number of new brokers in 2010 contributed to the increase in revenues compared to 2009. But given the new conditions of entry into the profession, this trend is not expected to continue in coming years. In addition, major expenses are planned, including one related to the development and delivery of a mandatory continuing education activity on the new forms.

For all these reasons, the OACIQ is consolidating its financial planning in order to maintain a healthy balance between revenues and expenses. ●

Daniel Pelchat
Chair of the Audit and Finance Committee



INDEPENDENT AUDITOR'S REPORT

To the licence holders of the Organisme d'autoréglementation du courtage immobilier du Québec

We have audited the financial statements of the Organisme d'autoréglementation du courtage immobilier du Québec (the "Organization"), which comprise the balance sheet as at December 31, 2010, and the statements of income, changes in net assets, and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Deloitte.

Samson Bélair/Deloitte & Touche

Samson Bélair/Deloitte & Touche s.e.n.c.r.l.
1, Place Ville Marie, Suite 3000, Montreal QC H3B 4T9
Tel.: 514 393-7115 • Fax: 514 390-4116
www.deloitte.ca

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

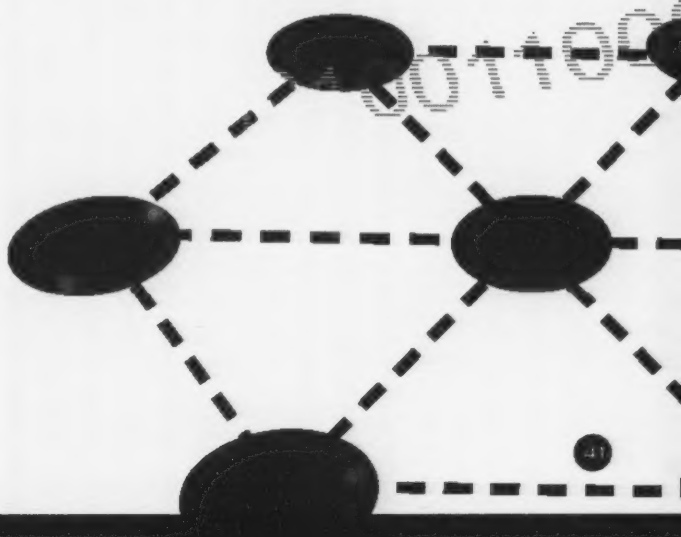
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the result of its activities and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair / Deloitte & Touche s.e.n.c.[1]

March 18, 2011

[1] Chartered accountant auditor permit No. 6724



STATEMENT OF INCOME *year ended December 31, 2010*

	General Operating Fund	Indemnity Fund	TOTAL 2010	TOTAL 2009
	(12 months)	(8 months)		
	$	$	$	$
REVENUE				
Licence fees	15,903,681	685,941	16,589,622	10,592,923
Supplies and services - Appendix A	1,157,355	–	1,157,355	1,296,759
Investments income (Note 16)	83,014	68,306	151,320	144,526
Interest on income held in trust accounts (Note 11)	6 431	–	6,431	23,190
Other	404,412	33,422	437,834	407,789
	17,554,893	787,669	18,342,562	12,465,096
EXPENSES				
Administration				
Salaries and employee benefits	7,208,144	209,541	7,417,685	6,221,958
Professional fees	662,298	69,874	732,172	738,191
Board of Directors and committees	722,821	19,232	742,053	705,344
Meetings and travel	364,703	–	364,703	497,146
Office expenses	740,058	10,520	750,578	545,851
Occupancy expenses	1,151,980	–	1,151,980	435,356
Contribution to the ministère des Finances du Québec	141,929	–	141,929	(424,310)
Publications and public relations	246,338	2,155	248,493	335,730
Amortization of capital assets (Note 8)	473,541	–	473,541	263,281
Technological conversion	316,969	–	316,969	315,212
Financial expenses	353,841	54	353,895	237,582
Elections	62,201	–	62,201	121,108
Indemnities	–	69,641	69,641	–
Continuing education - Appendix B	1,611,869	–	1,611,869	729,817
Discipline - Appendix B	660,021	–	660,021	450,588
Illegal practice - Appendix B	203,113	–	203,113	308,895
Fund for public information (Note 11)	1,301,559	–	1,301,559	103,592
	16,221,385	381,017	16,602,402	11,585,341
EXCESS OF REVENUE OVER EXPENSES	1,333,508	406,652	1,740,160	879,755

STATEMENT OF CHANGES IN NET ASSETS *year ended December 31, 2010*

	General Operating Fund			Indemnity Fund	TOTAL 2010	TOTAL 2009
	Invested in capital assets	Internally restricted (Note 11)	Unrestricted			
	(12 months)	(12 months)	(12 months)	(8 months)		
	$	$	$	$	$	$
BALANCE, BEGINNING OF YEAR	792,413	–	4,417,282	–	5,209,695	4,329,940
Net assets transferred to Indemnity Fund (Note 3)	–	–	–	2,097,246	2,097,246	–
(Deficiency) excess of revenue over expenses	(666,942)*	(3,491,796)	5,492,246	406,652	1,740,160	879,755
Investments in capital assets	2,979,418	–	(2,979,418)	–	–	–
Internally restricted (Note 11)	–	3,491,796	(3,491,796)	–	–	–
BALANCE, END OF YEAR	3,104,889	–	3,438,314	2,503,898	9,047,101	5,209,695

* Represents the amortization of capital assets, net of the amortization of the lease inducement of $115,605 for leasehold improvements, plus the loss on disposal of capital assets of $49,664.

BALANCE SHEET as at December 31, 2010

	General Operating Fund	Indemnity Fund	TOTAL 2010	TOTAL 2009
	$	$	$	$
ASSETS				
CURRENT ASSETS				
Cash	3,585,578	1,041,290	4,626,868	5,091,426
Interest receivable	63,011	7,903	70,914	81,981
Investments (Note 4)	6,210,824	2,461,007	8,671,831	8,338,815
Accounts receivable (Note 5)	784,114	–	784,114	595,302
Advance to Indemnity Fund (Note 6)	239,932*	–	–	–
Supplies inventory (Note 7)	159,748	–	159,748	100,240
Prepaid expenses	91,088	–	91,088	220,386
	11,134,295	3,510,200	14,404,563	14,428,150
Capital assets (Note 8)	6,865,561	–	6,865,561	811,590
	17,999,856	3,510,200	21,270,124	15,239,740
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 9)	1,763,888	24,928	1,788,816	2,261,200
Amount payable to General Operating Fund (Note 6)	–	239,932*	–	–
Provision for claims (Note 10)	–	364,314	364,314	–
Deferred revenue	5,797,886	377,128	6,175,014	7,749,668
	7,561,774	1,006,302	8,328,144	10,010,868
Deferred lease inducement, at unamortized cost	3,894,879	–	3,894,879	19,177
	11,456,653	1,006,302	12,223,023	10,030,045
COMMITMENTS AND CONTINGENCIES (Notes 14 and 15)				
NET ASSETS				
Invested in capital assets	3,104,889	–	3,104,889	792,413
Unrestricted	3,438,314	–	3,438,314	4,417,282
Indemnity Fund	–	2,503,898	2,503,898	–
	6,543,203	2,503,898	9,047,101	5,209,695
	17,999,856	3,510,200	21,270,124	15,239,740

* These amounts are not included in the "Total" column as they cancel each other out.

Approved by the Board

François Léger
Chairman of the Board

Daniel Pelchat
Treasurer of the Board

STATEMENT OF CASH FLOWS *year ended December 31, 2010*

	General Operating Fund	Indemnity Fund	TOTAL	
			2010	2009
	(12 months)	(8 months)		
Operating activities	$	$	$	$
Excess of revenue over expenses	1,333,508	406,652	1,740,160	879,755
Items not affecting cash:				
Realized and unrealized gain (loss) on investments	249,970	(31,753)	218,217	144,217
Amortization of capital assets	732,883	–	732,883	507,375
Amortization of lease inducements	(118,472)	–	(118,472)	(32,875)
Loss on disposal of capital assets	49,664	–	49,664	–
Amount of lease inducements	137,074	–	137,074	–
	2,384,627	374,899	2,759,526	1,498,472
Changes in non-cash operating working capital items (Note 12)	(2,789,078)	469,973	(2,319,105)	(345,473)
	(404,451)	844,872	440 421	1,152,999
Investing activities				
Acquisition of investments	(11,656,291)	(787,058)	(12,443,349)	(5,901,947)
Proceeds on sale of investments	13,534,312	810,349	14,344,661	7,074,612
Purchase of capital assets	(2,979,418)	–	(2,979,418)	(257,502)
	(1,101,397)	23,291	(1 078 106)	915,163
Net (decrease) increase in cash	(1,505,848)	868,163	(637,685)	2,068,162
Cash, beginning of year	5,091,426	–	5,091,426	3,023,264
Cash received from the Indemnity Fund transfer (Note 3)	–	173,127	173,127	–
Cash, end of year	3,585,578	1,041,290	4 626 868	5,091,426

Additional information is presented in Note 12

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. DESCRIPTION OF THE ORGANIZATION

The Association des courtiers et agents immobiliers du Québec became, effective May 1, 2010, the Organisme d'autoréglementation du courtage immobilier du Québec or ("OACIQ") or (the "Organization").

The OACIQ, incorporated under the Real Estate Brokerage Act (R.S.Q., c. C 73.2), has a primary role in protecting the public in real estate and mortgage brokerage dealings by enforcing rules of professional conduct and by inspecting the affairs of brokers and agencies, in particular, by ensuring that the transactions engaged in by brokers and agencies are compliant with the Real Estate Brokerage Act (R.S.Q., c. C-73.2).

It may also dispense training courses for brokers and agency executive officers, with the exception of basic training courses, and award the titles referred to in Section 48 of the Real Estate Brokerage Act (R.S.Q., c. C-73.2).

On May 1, 2010, the Organization was substituted for the Fonds d'indemnisation du courtage immobilier, and acquired the rights and assumed the obligations of that fund. Subsequent to that date, the Organization manages the Indemnity Fund.

2. ACCOUNTING POLICIES

The Organization has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook, which would otherwise have applied to the financial statements of the Organization for the year ended December 31, 2010. The Organization applies the requirements of Section 3861 of the CICA Handbook regarding disclosure and presentation of the financial instruments.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies:

FUND ACCOUNTING

The General Operating Fund is used for all ordinary and regular operations of the Organization. Revenue and expenses related to services and administration are presented in the General Operating Fund.

The Real Estate Indemnity Fund is dedicated to the payment of indemnities to victims of fraud, fraudulent tactics or misappropriation of funds for which a broker or agency is responsible. This Fund is established in accordance with Section 108 of the Real Estate Brokerage Act (R.S.Q., c. C 73.2). The assets of this Fund are not part of the Organization's assets and may not be used to perform the Organization's obligations.

REVENUE RECOGNITION

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Organization's designation of such instruments. Settlement date accounting is used.

Classification

Cash and cash in trust accounts	Held for trading
Interest receivable	Held for trading
Accounts receivable	Loans and receivables
Investments	Held for trading
Accounts payable, accrued liabilities and provision for claims	Other liabilities

Held for trading

Held-for-trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investments income.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

Transaction costs

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to other liabilities and loans and receivables are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

Interest method

The Organization uses the effective interest method to recognize interest income or expense, which includes transaction costs as well as the charges, premiums and discounts earned or incurred with respect to financial instruments.

SUPPLIES INVENTORY

The supplies inventory is valued at the lower of cost and net realizable value. Cost is determined under the first in, first out basis.

CAPITAL ASSETS

Capital assets are recorded at cost and are amortized using the straight-line method their estimated useful life over the following terms:

Computer equipment	1 and 3 years
Office equipment	4 years
Telephone equipment	7 years
Furniture	10 and 20 years
Leasehold improvements	term of the lease

DEFERRED REVENUE

Income from annual licence fees is charged to the statement of income on a monthly basis over the duration of the broker licences, which is 12 months. In accordance with Section 22 of the *Regulation respecting the issue of broker's and agency licences*, they are not refundable to licence holders and they will be applicable on the income of the next year end.

DEFERRED LEASE INDUCEMENT

The deferred lease inducement represents the amount collected from the landlord as lease inducements made up of an allowance for leasehold improvements and free rent. This income is amortized on a straight-line basis over the original term of the lease, which expires in June 2030, i.e. 20 years. The amortization is applied against occupancy expenses in the statement of income.

DISCLOSURE OF ALLOCATED EXPENSES

A unique coding system is used for each of the Organization's services and activities. The Organization's general support expenses and overhead are allocated according to the following bases:

Proportionately on the basis of hours allocated to the activity by human resources:

- Salaries and employee benefits
- Telecommunications
- Continuing education, conferences and seminars
- Board of Directors and committees
- Meeting
- Elections

Proportionately on the basis of expense type:

- Insurance
- Licence fees
- Legal and miscellaneous fees
- Communication expenses

Proportionately on the basis of the purpose of the delivery:

- Printing for external use
- Delivery

Proportionately on the basis of user services:

- Data bank
- Stationery and supplies
- Writing and translation

Proportionately on the basis of number of employees in the department:

- Amortization – furniture; office, computer, and telephone equipment
- Insurances
- Maintenance equipment
- Stationery
- Computer supplies
- Telephone

Proportionately on the basis of square footage occupied by the department:

- Normal rent
- Maintenance of premises
- Surtax
- Amortization of leasehold improvements
- Rent allocation

The amounts charged to the various activities are presented in the statement of income, Appendices A and B, and in Note 11 to the financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and in the notes thereto. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

FUTURE ACCOUNTING CHANGES

New accounting framework

The CICA has approved a new accounting framework applicable to non-for-profit organizations. Effective for fiscal years beginning on January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards ("IFRS") and GAAP for non-for-profit organizations, whichever suits them best. Early adoption of these standards is permitted. The Organization currently plans to adopt the new accounting standards for non-for-profit organizations for its fiscal year beginning on January 1, 2012. The impact of this transition has not yet been determined.

3. NET ASSETS TRANSFERRED TO INDEMNITY FUND

Since May 1, 2010, a new Indemnity Fund has been established by the new Real Estate Brokerage Act (R.S.Q., c. C 73.2). This new fund is now managed by the Organization. The net assets of the previous fund were transferred to the Organization and details of the new assets transferred as follows:

	$
ASSETS	
Cash	**173,127**
Investments (including interest receivable of $15,035)	**2,467,580**
Accounts receivable	**15,097**
	2,655,804
LIABILITIES	
Accrued liabilities	**61,012**
Deferred revenues	**182,873**
Provision for claims	**314,673**
	558,558
NET ASSETS	**2,097,246**

4. INVESTMENTS

General Operating Fund investments consist of bonds which earn interest from 1.15% to 5.90% (3.05% to 6.80% in 2009) and mature between January 2011 and January 2012.

Indemnity Fund investments consist of bonds which earn interest from 2.65% to 5.10% and mature between September 2011 and June 2026.

5. ACCOUNTS RECEIVABLE

	2010	2009
	$	$
GENERAL OPERATING FUND		
Trade	**944,504**	764,273
Allowance for doubtful accounts	**(253,537)**	(168,971)
	690,967	595,302
Sales taxes	**93,147**	–
	784,114	595,302

6. INTERFUND ADVANCES AND AMOUNTS PAYABLE

The advance from the General Operating Fund to the Indemnity Fund represents a refund of expenses paid by the General Operating Fund for the Indemnity Fund. Interfund advances and amounts payable bear no interest.

7. SUPPLIES INVENTORY

The inventories recognized as an expense during the year amount to $452,842 ($457,018 in 2009).

8. CAPITAL ASSETS

	2010			2009
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
GENERAL OPERATING FUND				
Computer equipment	**1,141,324**	**602,107**	**539,217**	395,218
Office equipment	**535,394**	**319,087**	**216,307**	62,270
Telephone equipment	**259,826**	**19,890**	**239,936**	42,777
Furniture	**2,094,266**	**432,644**	**1,661,622**	227,672
Leasehold improvements	**4,316,389**	**107,910**	**4,208,479**	83,653
	8,347,199	1,481,638	6,865,561	811,590

The amortization of capital assets for the year ended December 31, 2010 amounts to $732,883 ($507,375 in 2009). On the amortization of capital assets, an amount of only $473,541 ($263,281 in 2009) is clearly presented in the statement of income of the General Operating Fund. The remaining balance is allocated to the cost centers of the General Operating Fund.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010			2009
	General Operating Fund	Indemnity Fund	TOTAL	TOTAL
	$	$	$	$
Accounts payable	**378,871**	–	**378,871**	290,500
Contribution to be handed to Fonds d'indemnisation du courtage immobilier ("FICI")	–	–	–	222,672
Accrued liabilities	**389,473**	**4,928**	**394,401**	435,468
Salaries and deductions at source	**995,544**	–	**995,544**	520,308
Claims payable	–	**20 000**	**20 000**	–
Sales taxes	–	–	–	792,252
	1,763,888	24,928	1,788,816	2,261,200

10. PROVISION FOR CLAIMS

Upon receipt of a claim duly sworn, the Indemnity Fund policy is to recognize a provision of 25% of the amount claimed. Since May 1, 2010, the maximum compensation payable from the Fund is $35,000, whereas before, the amount was $15,000. This provision is maintained until the final decision of the Indemnity Committee.

11. FUND FOR PUBLIC INFORMATION

The Financing Fund of the Organisme d'autoréglementation du courtage immobilier du Québec for public information was established in accordance with the Real Estate Brokerage Act. The Fund is made up of interest earned on the money held in trust accounts by brokers in conformity with the Real Estate Brokerage Act (R.S.Q., c. C 73.2). The Fund must be used in particular to produce and disseminate information on the public's rights in real estate brokerage and to promote the quality of services provided by brokers and agencies.

Interest paid to the Fund and Fund-related expenses, which are included in the revenues and expenses of the Organization's General Operating Fund, are as follows:

NET LOSS OF INTEREST HELD IN TRUST ACCOUNTS BY LICENCE HOLDERS:

	2010	2009
	$	$
Interest on funds held in trust accounts	**6,431**	23,190
Publicity	**1,255,336**	4,347
Salaries and employee benefits	**7,295**	38,084
Professional fees	**25,504**	11,864
Delivery	**96**	66
Printing	**146**	39,945
Travel	**2,675**	1,608
Bank fees	**10,507**	7,678
	1,301,559	103,592
	1,295,128	80,402

FUND-RELATED EXPENSES INCLUDED IN THE STATEMENT OF INCOME OF THE GENERAL OPERATING FUND:

Information relating to public rights	**864,956**	492,531
Professional inspection	**418,098**	205,413
Discipline	**913,614**	754,065
	2,196,668	1,452,009
	3,491,796	1,532,411

12. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

	General Operating Fund	Indemnity Fund	TOTAL	
			2010	2009
	(12 months) $	(8 months) $	$	$
CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS				
Interest receivable	18,970	7,132	26,102	11,654
Accounts receivable	(188,812)	15,097	(173,715)	(219,957)
Advance to Indemnity Fund	(239,932)*	–	–	–
Supplies inventory	(59,508)	–	(59,508)	14,998
Prepaid expenses	129,298	–	129,298	(14,504)
Accounts payable and accrued liabilities	(497,312)	(36,084)	(533,396)	(344,204)
Amount payable to General Operating Fund	–	239,932*	–	–
Provision for claims	–	49,641	49,641	–
Deferred revenue	(1,951,782)	194,255	(1,757,527)	206,540
	(2,789,078)	469,973	(2,319,105)	(345,473)

* These amounts are not included in the "Total" column as they cancel each other out.

Refer to Note 3 for net assets transferred from the Indemnity Fund.

Non-cash transactions

During the year, capital assets were acquired at an aggregate cost of $6,893,946 of which $3,857,100 was paid by the lessor by way of lease inducement.

13. CAPITAL DISCLOSURES

The capital management objective is to safeguard the Organization's ability to protect the public through application of the rules of ethics and to perform professional inspections of its licence holders by ensuring, in particular, that its licence holders undertake their activities in accordance with the Real Estate Brokerage Act and the regulations. The Organization is not subject to externally restricted capital requirements.

The Organization considers the amount of net assets recorded on the balance sheet as its capital. On December 31, 2010, the capital of the Organization's General Operating Fund amounted to $6,543,203 ($5,209,695 in 2009) and the capital of the Indemnity Fund amounted to $2,503,898.

14. COMMITMENTS

The Organization is committed under a lease that expires in July 2030 for the rental of head office space, and under vehicle leases expiring between July 2011 and January 2015. The minimum future rent payments total $36,385,513, excluding operating expenses that are re-invoiced each year, and include the following payments over the next five years:

	$
2011	1,714,836
2012	1,708,350
2013	1,694,990
2014	1,672,769
2015	1,703,891

15. CONTINGENCIES

In the normal course of business, the Organization is involved in various claims. Though the outcome of these various pending claims as at December 31, 2010 cannot be determined with certainty, the Organization believes that their outcome will have no significant adverse impact on its financial position, operating results or cash flows.

16. INVESTMENT INCOME

	2010			2009
	General Operating Fund	Indemnity Fund	TOTAL	TOTAL
	$	$	$	$
Interest on financial assets held for trading	**332,984**	**36,553**	**369,537**	288,743
Realized (losses) gains on investments	**(161,480)**	**74,046**	**(87,434)**	(100,118)
Unrealized losses on investments	**(88,490)**	**(42,293)**	**(130,783)**	(44,099)
INVESTMENT INCOME	83,014	68,306	151,320	144,526

17. FONDS D'ASSURANCE RESPONSABILITÉ PROFESSIONNELLE DE L'OACIQ

In accordance with the Real Estate Brokerage Act (R.S.Q., c. C-73.2), the Organization has created a Professional Liability Insurance Fund, which is governed by the Act respecting insurance. The Organization holds the right to appoint all members of the board, thus, according to Canadian GAAP, the Organization controls the Fund. The financial information for December 31, 2010 and 2009 is not consolidated in these financial statements and is summarized as follows:

	2010 $	2009 $ (Restated)[1]
Balance sheet		
Assets	**44,251,513**	38,804,551
Liabilities	**25,292,553**	24,823,109
Accumulated surplus	**18,958,960**	13,981,442
	44,251,513	38,804,551
Statement of income		
Income	**10,850,622**	10,566,190
Expenses	**5,592,222**	6,213,802
Earnings for the year	**5,258,400**	4,352,388
Unrealized (loss) gain on available-for-sale securities	**(101,065)**	241,447
Portion reclassified to income from available-for-sale securities	**(179,817)**	(317,028)
Comprehensive income	**4,977,518**	4,276,807
Cash flows		
Operating activities	**6,197,895**	7,722,484
Investing activities	**(8,700,828)**	(4,771,950)

(1) The restatement of the 2009 financial statements had the effect of increasing the amounts recoverable from reinsurers for unpaid claims and the accumulated surplus.

With respect to the application of accounting policies, the main difference is that the Fund has adopted the financial instrument disclosure recommendations of CICA Handbook Sections 3862 and 3863, whereas the Organization has elected not to apply these sections under the exemption granted by the CICA to not-for-profit organizations.

During the year, the Organization incurred, with this Fund, expenses totalling $70,242 ($9,357 in 2009), which were completely re-invoiced. In addition, fees for an amount of $139,074 (nil in 2009) and occupancy expenses totalling $91,001 (nil in 2009) have been billed. These transactions were in the normal course of operations and were measured at the exchange amount. As at December 31, 2010, a balance of $291,197 is included in accounts receivable in relation to these transactions (nil in 2009).

18. FINANCIAL INSTRUMENTS

Credit risk

In the normal course of business, the Organization extends credit to licence holders. Ongoing credit assessments are conducted and the balance sheet contains an allowance for doubtful accounts.

In addition, credit risk arises because the Organization holds investments in bonds. Therefore, there is a risk that a bond issuer could fail to meet its obligations to the Organization, which would affect the assets of the Organization.

Interest rate risk

Investments bear interest at fixed rates. Consequently, a change in the market interest rate will have an impact on the fair value of the investments.

Fair value

The fair value of accounts receivable, accounts payable and accrued liabilities and provision for claims approximates the carrying value of these items due to their short-term maturity.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

APPENDIX A

REVENUES

DECEMBER 31, 2010

	2010	2009
	$	$
SUPPLIES AND SERVICES		
Revenue		
Sales of forms, manuals and other	**1,786,448**	1,928,853
Direct expenses		
Cost of sales	**483,048**	490,985
Salaries and employee benefits	**138,012**	128,246
Printing and translation	**5,331**	16,204
Other costs	**2,702**	(3,250)
	629,093	632,185
	1,157,355	1,296,668

APPENDIX B

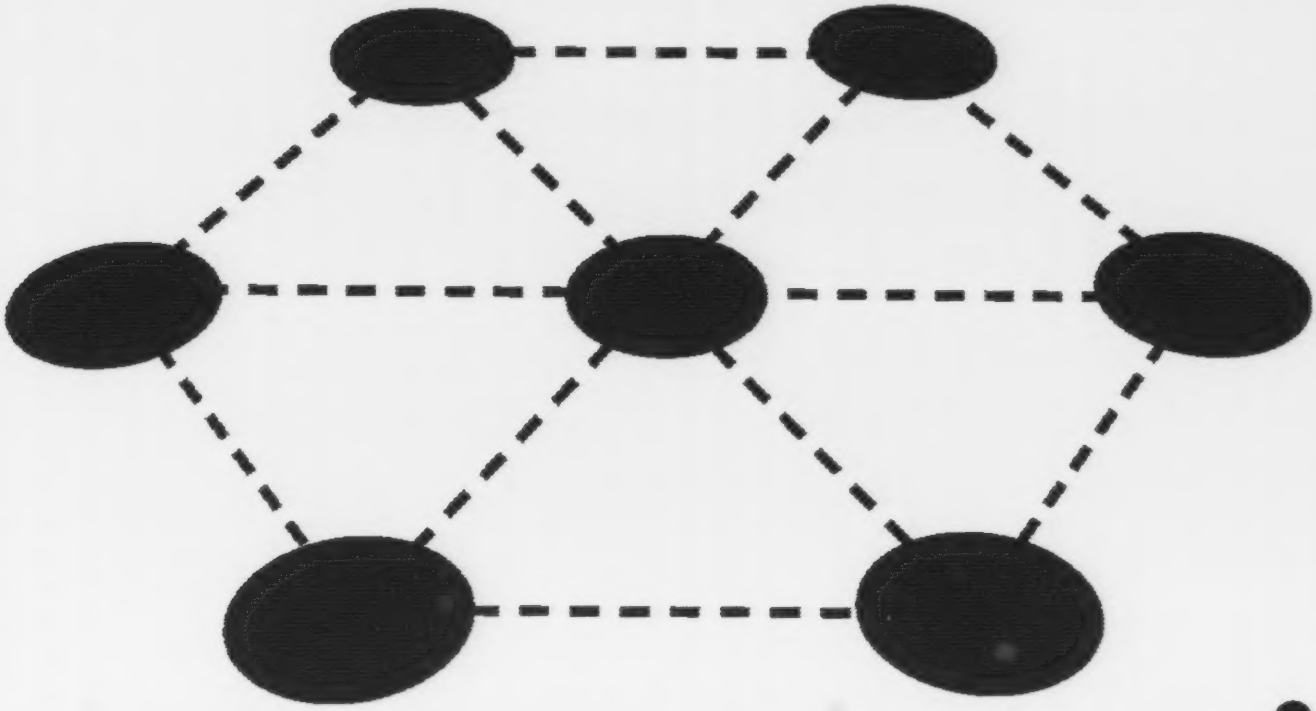
EXPENSES

DECEMBER 31, 2010

	2010	2009
	$	$
CONTINUING EDUCATION		
Revenue		
Education activities	**463,277**	116,437
Direct expenses		
Salaries and employee benefits	**538,291**	508,921
Professional fees	**544,782**	167,650
Occupancy expenses	**65,236**	68,739
Travelling	**770,026**	53,156
Publication	**111,429**	18,971
Office expenses	**19,095**	17,343
Doubtful accounts	**230**	836
Amortization of capital assets	**26,057**	10,638
	2,075,146	846,254
	(1,611,869)	(729,817)

	2010	2009
	$	$
DISCIPLINE		
Revenue		
Penalties and disbursements received	**253,593**	303,477
Direct expenses		
Discipline committee	**291,599**	284,026
Salaries and employee benefits	**322,668**	181,686
Doubtful accounts	**47,897**	17,712
Delivery	**93,286**	98,686
Professional fees	**21,463**	31,157
Occupancy expenses	**52,064**	59,450
Office expenses	**32,975**	27,861
Public notices	**30,243**	45,509
Amortization of capital assets	**21,419**	7,978
	913,614	754,065
	(660,021)	(450,588)

	2010	2009
	$	$
ILLEGAL PRACTICE		
Revenue		
Penalties	**19,948**	8,650
Direct expenses		
Salaries and employee benefits	**141,405**	200,957
Penal investigations	**25,017**	41,783
Legal fees	**22,246**	42,514
General administration	**8,562**	12,364
Amortization of capital assets	**7,640**	10,638
Occupancy expenses	**18,191**	9,289
	223,061	317,545
	(203,113)	(308,895)



ANNUAL REPORT 2010

Fonds d'assurance responsabilité professionnelle
DU COURTAGE IMMOBILIER DU QUÉBEC

FARCIQ DIRECTORS

AS AT DECEMBEE 31, 2010[1]

JEAN-GUY SAVOIE
Chairman of the Board
Real estate broker:
Royal LePage La Renaissance

MARTIN DUPRAS,
CLU, F.Pl., D. Fisc.
President of ConFor financiers inc.
Chair of the Investment Committee and
member of the Audit Committee

DAVID GAGNON
Chartered Real Estate Broker
Via Capitale Cité DG, real estate agency
Member of the Ethics, Claims and
Prevention and Audit Committees

GAÉTANE LAFONTAINE
Actuary
Chair of the Audit Committee and
member of the Investment Committee

M[e] ANDRÉ BOIS
Lawyer: Tremblay, Bois, Mignault, Lemay
Chair of the Ethics and Claims and
Prevention Committees

M[e] CAROLE PARÉ
Lawyer and Real Estate Broker
Member of the Audit and Claims
and Prevention Committees

ALBERT ARDUINI, P.TECH., CIP
Manager, Building inspection
and expertise
Member of the Ethics and
Claims and Prevention Committees

M[e] MICHEL LÉONARD
Lawyer and Real Estate Broker
President of Fonds de
Placement Immobilier BTB
Chair of the Governance Committee
and member of the Ethics and
Investment Committees

M[e] LOUIS HAECK
Notary
General Manager

[1] **Jean Landry, Serge Brousseau and Michel Lessard** also sat on the Board of Directors for part of 2010.

Fonds d'assurance responsabilité professionnelle
DU COURTAGE IMMOBILIER DU QUÉBEC

MISSION

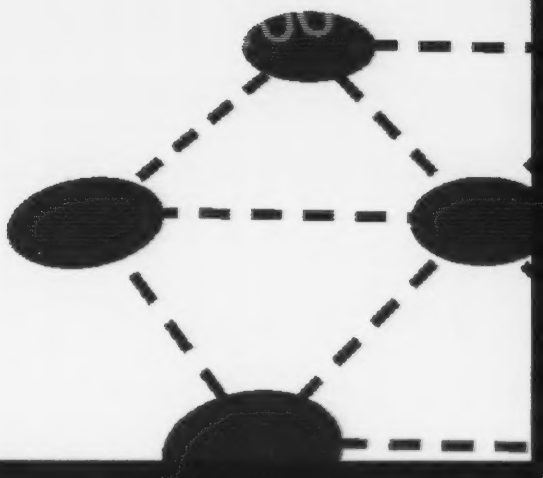
The Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ) is responsible for insuring Québec real estate and mortgage brokers and agencies against professional liability.

Subscription to the Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec is mandatory. All real estate agencies, their employees, representatives and persons authorized to act on their behalf, and real estate and mortgage brokers must be insured against any fault, error, negligence or omission committed in their performance of their professional duties.

1110101010011000

TABLE OF CONTENTS

Message from the Chairman of the Board	62
Management Report - Message from the General Manager	64
Independent Auditors' Report	66
Financial Statements	67
Notes to Financial Statements	70
Opinion of the Actuary	81



MESSAGE
FROM THE CHAIRMAN OF THE BOARD

The Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec is now five years old. Despite our young age, we are proud of our results and of the quality of the human resources we have on our team.

The year 2010 was one of challenges and change. The new Real Estate Brokerage Act brought major changes to the structure and management of the FARCIQ. More than 20,000 individual insurance policies were processed via an individual billing system. This resulted in a substantial amount of additional work for our employees, who rose to the occasion and responded with great efficiency. Going to a mechanical billing system was a major challenge in itself.

I would like to commend the excellent job done by Me Marie-Chantal Thouin, the FARCIQ's first General Manager. Other departures among Board members also resulted from this year's transitions. I would like to thank Jean Landry, our very first Chairman, as well as Michel Lessard and Serge Brousseau. As a result of these vacancies, we are proud and happy to welcome new FARCIQ Board members Martin Dupras and Me Michel Léonard.

Thank you to all who contributed to the FARCIQ's success, including former and current Board members and FARCIQ employees. I would also like to highlight the recent appointment of our new General Manager, Me Louis Haeck.

Our purpose is to preserve the individual assets of our members while building a durable collective asset base for the entire Québec real estate industry.

Jean-Guy Savoie
Chairman of the Board

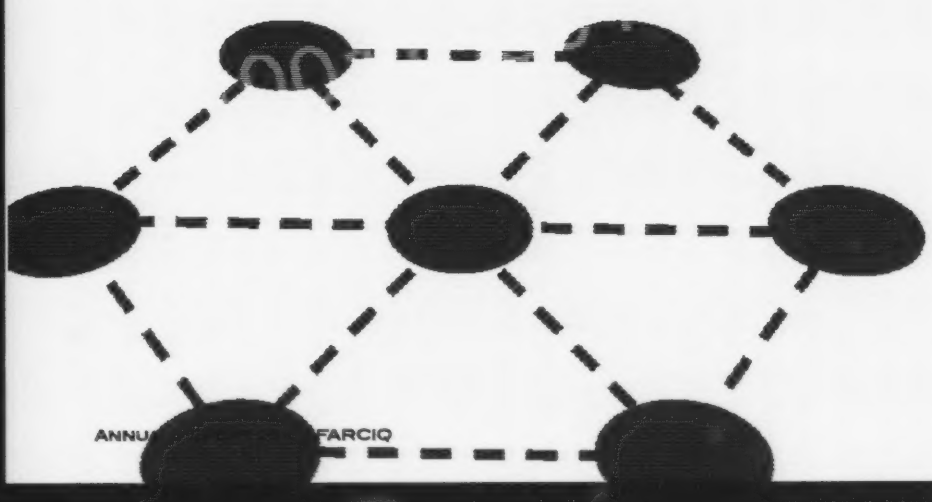
JEAN-GUY SAVOIE
Chairman of the Board

Fonds d'assurance responsabilité professionnelle
DU COURTAGE IMMOBILIER DU QUÉBEC

4905 Lapinière Blvd.
Suite 2800
Brossard (Québec)
J4Z 0G2

Tel.: 450 656-5959
or 1 866 956-5959
Fax: 450 656-5746

assurance@farciq.com
www.farciq.com



MANAGEMENT REPORT

MESSAGE FROM THE GENERAL MANAGER

A Solid Foundation...

We are very proud to present our fifth annual management report containing the highlights of the 2010 financial year. The report is positive on all fronts.

The FARCIQ's current financial position is very solid. A strengthening of our assets will help us ensure sound long-term management of the financial risks incurred by our insureds in case or professional error or omission.

A prudent investment policy has yielded very satisfactory results given the current economic landscape. The actuarial report recommended a premium reduction from $550 to $485 for 2011 based on our excellent reserves.

These reserves are sufficient to cover claims and meet our future obligations. The reinsurance taken out in excess of annual claims allows us to better manage our risks as a professional liability insurer.

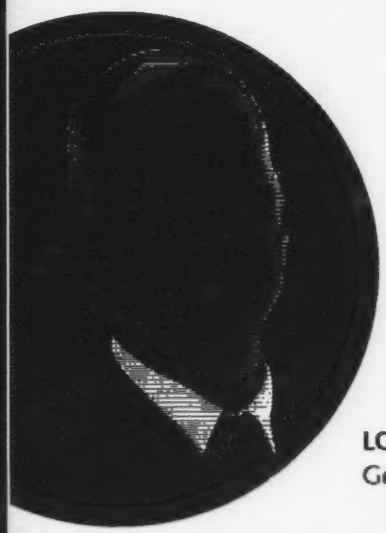
In 2010, 540 new claims were recorded compared to 597 in 2009. This brings to 2,351 the number of claims processed by the FARCIQ since it began operations. At the end of 2010, only 652 of these claims remained open and 1,699 had been closed.

Protection of our insureds against claims remains our primary concern and is at the very heart of the FARCIQ's mission, which is to serve and defend the interests of Québec real estate and mortgage agencies and brokers.

FARCIQ Operations

In July 2010, the FARCIQ moved to its new location at 4905, boul. Lapinière, bureau 2800, in Brossard, near Autoroutes 30 and 10. We are very proud to now be able to welcome our insureds in our own quarters within the OACIQ's new LEED-certified building. The offices in this environment are better adapted to our employees' needs and will allow us to continue providing high-quality services to our insureds.

FARCIQ's management has maintained a system of accounting and administrative controls aimed at providing reasonable insurance to allow the safeguarding of the fund's assets while reporting on our operations in a way that continues to present reliable and transparent financial statements.



LOUIS HAECK
General Manager

Human Resources

I would like to salute all my predecessors and highlight the important role they have played until my arrival in October. I also wish to thank those employees who left us in the course of the year for their continued efforts. I am confident in the ability of our new resources to maintain the continuity and quality of our professional services.

Heartfelt Appreciation

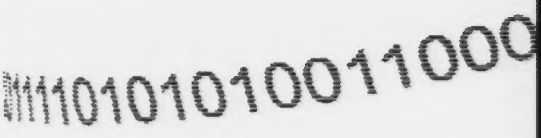
We would like to thank all our employees for their dedication, professionalism and perseverance, sometimes under difficult circumstances. Thanks to their loyalty, dependability and contribution to the FARCIQ's success, we were able to maintain the quality of our operations and services. For this reason, they have earned and continue to earn the admiration of the entire management team and Board.

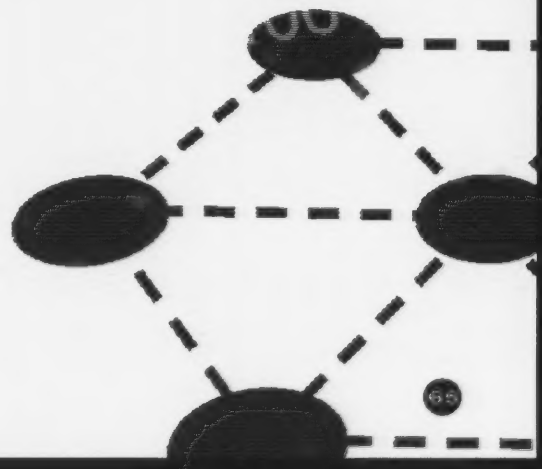
Members of the Board of Directors

The Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ) is responsible for the sound management and safeguarding of its assets, which are distinct from those of the OACIQ. It acts as an insurer and is governed by its own Board of Directors, whose members are appointed for their specific expertise by the Board of Directors of the OACIQ. In order to reduce some of our costs, we are currently negotiating the outsourcing of various external services, including by looking at what can be combined with the OACIQ.

Also in the last few months, we developed several policies to meet the requirements of the Autorité des marchés financiers.

We are confident and unwavering in our defence of our insureds' interests in accordance with the rules of the Autorité des marchés financiers. Together, we can manage our assets efficiently in order to create an even better future. ●





Me Louis Haeck
General Manager

INDEPENDENT AUDITORS' REPORT

To the Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ)

We have audited the accompanying financial statements of Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ) which comprise the balance sheet as at December 31, 2010 and the statements of income and comprehensive income, changes in accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ) as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ERNST & YOUNG

Ernst & Young LLP[1]
Chartered Accountants

Montréal, Canada
February 25, 2011

[1] CA auditor permit no. 15504

FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2010

STATEMENT OF INCOME AND COMPREHENSIVE INCOME
Years ended December 31

	2010	2009 [Redressé - note 2]
	$	$
INSURANCE OPERATIONS		
Premiums earned (Note 10)	**10,492,202**	10,045,925
Reinsurance premiums ceded (Note 10)	**603,017**	670,143
Primes nettes acquises	**9,889,185**	9,375,782
Claims and loss adjustment expenses	**4,494,872**	5,234,584
General and administrative expenses	**1,097,350**	979,218
Total claims and expenses	**5,592,222**	6,213,802
Underwriting profit	**4,296,963**	3,161,980
Investment and other income (Note 4)	**961,437**	1,190,408
INCOME FOR THE YEAR	**5,258,400**	4,352,388
Unrealized gain (loss) on available-for-sale securities	**(101,065)**	241,447
Portion reclassified to income from available-for-sale securities	**(179,817)**	(317,028)
COMPREHENSIVE INCOME	**4,977,518**	4,276,807

STATEMENT OF ACCUMULATED SURPLUS
as at December 31

2010	Accumulated surplus	Accumulated other comprehensive income	Total
	$	$	$
Balance as at December 31, 2009 [Restated - Note 2]	13,564,478	416,964	**13,981,442**
Income for the year	5,258,400	–	**5,258,400**
Other comprehensive income	–	(280,882)	**(280,882)**
Balance as at December 31, 2010	18,822,878	136,082	18,958,960
2009 [restated – Note 2]			
Balance as at December 31, 2008	9,212,090	492,545	**9,704,635**
Income for the year	4,352,388	–	**4,352,388**
Other comprehensive income	–	(75,581)	**(75,581)**
Balance as at December 31, 2009	**13,564,478**	**416,964**	**13,981,442**

See accompanying Notes to Financial Statements

BALANCE SHEET
as at December 31

	2010	2009 [Restated - Note 2]
	$	$
ASSETS		
Cash	**390,385**	528,913
Treasury bills	**439,257**	2,803,662
Investment income receivable	**280,040**	213,079
Premiums and other receivables	**390,246**	280,300
Prepaid expenses	**11,855**	10,803
Reinsurance recoverable for unpaid claims (Note 9)	**6,922,000**	6,952,859
Prepaid reinsurance	**190,386**	317,438
Investments (Note 4)	**34,992,975**	27,020,504
Deductibles recoverable from insureds for unpaid claims	**450,133**	590,355
Property, plant and equipment (Note 6)	**99,561**	51,738
Intangible assets (Note 7)	**84,675**	34,900
	44,251,513	38,804,551
LIABILITIES		
Accounts payable and accrued liabilities	**166,086**	167,044
Due to OACIQ (Note 12)	**226,391**	135,000
Unearned premiums	**3,550,943**	5,225,602
Unpaid claims (Note 8)	**21,349,133**	19,295,463
	25,292,553	24,823,109
ACCUMULATED SURPLUS		
Accumulated surplus, end of year	**18,822,878**	13,564,478
Accumulated other comprehensive income	**136,082**	416,964
	18,958,960	13,981,442
	44,251,513	38,804,551

See accompanying Notes to Financial Statements

On behalf of the Board of Directors

JEAN-GUY SAVOIE
Chairman of the Board

GAÉTANE LAFONTAINE
Actuary
Chair of the Audit Committee and
member of the Investment Committee

STATEMENT OF CASH FLOWS
Years ended December 31

	2010	2009 [Restated - note 2]
	$	$
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Income for the year	**5,258,400**	4,352,388
Adjustments for:		
Amortization of property, plant and equipment	**28,046**	24,238
Amortization of intangible assets	**92,931**	59,524
Amortization of premiums and investment discounts	**383,657**	127,797
Loss on write-off of property, plant and equipment	**2,571**	–
Gain on disposals of investments	**(157,328)**	(306,766)
	5,608,277	4,257,181
Change in non-cash working capital items		
Investment income receivable	**(66,961)**	(47,552)
Premiums and other receivables	**(109,946)**	(97,523)
Prepaid expenses	**(1,052)**	503
Reinsurance recoverable for unpaid claims	**30,859**	(3,269,383)
Prepaid reinsurance	**127,052**	35,268
Deductibles recoverable form insureds for unpaid claims	**140,222**	(64,234)
Accounts payable and accrued liabilities	**(958)**	39,767
Due to OACIQ	**91,391**	135,000
Unearned premiums	**(1,674,659)**	188,367
Unpaid claims	**2,053,670**	6,545,090
	6,197,895	7,722,484
INVESTING ACTIVITIES		
Acquisition of investments	**(33,001,131)**	(33,077,107)
Proceeds on disposal of investments	**24,521,449**	28,328,382
Proceeds on disposal of property, plant and equipment	**–**	225
Additions to property, plant and equipment	**(78,440)**	(23,450)
Additions to intangible assets	**(142,706)**	–
	(8,700,828)	(4,771,950)
Net increase (decrease) in cash and cash equivalents	**(2,502,933)**	2,950,534
Cash and cash equivalents, beginning of year	**3,332,575**	382,041
CASH AND CASH EQUIVALENTS, END OF YEAR	**829,642**	3,332,575
Cash and cash equivalents consist of:		
Cash	**390,385**	528,913
Treasury bills	**439,257**	2,803,662
	829,642	3,332,575

See accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2010

1. INCORPORATION AND NATURE OF OPERATIONS

The Organisme d'autoréglementation du courtage immobilier du Québec ("OACIQ") (previously the Association des courtiers et agents immobiliers du Québec, incorporated the FARCIQ (the "Insurance Fund") (previously the Fonds d'assurance responsabilité professionnelle de l'Association des courtiers et agents immobiliers du Québec), which is governed by the Insurance Act. The OACIQ obtained its insurer permit on July 4, 2006, and the Insurance Fund commenced operations on July 21, 2006. Its mission is to provide professional liability insurance coverage to real estate brokers and agents of the OACIQ.

2. ERROR CORRECTIONS

The Insurance Fund uses reinsurance to limit its total commitments over the duration of the reinsurance treaty. The provisions for net claims calculated by the actuary must reflect the application of the reinsurance agreements and include a margin for adverse deviation. This margin is necessary due to the uncertainty of claims settlement and is determined in accordance with accepted Canadian actuarial practice. For 2008 and 2009, this margin was overestimated on a net basis because the provisions for net claims retained was such that the reinsurance treaty retention limit had been reached. The margin should have been reduced by $711,000 and $1,072,000 as at December 31, 2008 and 2009, respectively.

The adjustments required to reflect the above-mentioned changes, applied retrospectively with restatement of prior periods, had the following impact on the financial statements:

	2009
	$
Balance sheet	
Reinsurance recoverable for unpaid claims as at December 31, 2009	**1,072,000**
Accumulated surplus, year-end 2009	**1,072,000**
Statement of income and comprehensive income	
Claims and loss adjustment expenses	**(361,000)**
Income for the year	**361,000**
Comprehensive income	**361,000**
Statement of accumulated surplus	
Balance as at December 31, 2008	**711,000**
Balance as at December 31, 2009	**1,072,000**
Statement of cash flows	
Income for the year	**361,000**
Reinsurance recoverable	**361,000**

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which require that management makes estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are subject to uncertainty. The main estimate involves the determination of actuarial liabilities (Note 8). When changes in estimates are required, they are recognized in the year in which these changes are determined. The significant accounting policies used in preparing these financial statements, including those stipulated by the insurance regulators are, in all material respects, in accordance with Canadian GAAP and are summarized below.

Financial instruments

Financial instruments consist of available-for-sale ("AFS") financial assets and loans and receivables.

AFS financial assets are those financial assets that are designated as available for sale, or that are not classified as loans and receivables, held-to-maturity or held-for-trading investments. AFS assets are acquired for an indefinite period and may be sold to meet liquidity requirements.

The investments, all classified as AFS, are carried at fair value on the balance sheet as of the trade date, and changes in fair value are recorded in other comprehensive income until the financial asset is disposed of or has become other-than-temporarily impaired. As long as an AFS asset is held and not other-than-temporarily impaired, gains and losses are not recognized in the statement of income. When the asset is disposed of or other-than-temporarily impaired, gains and losses are recognized in the statement of income as net gains on invested assets and other gains and, accordingly, the amount is deducted from other comprehensive income. Gains and losses on the sale of AFS assets are calculated using the average cost method.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost.

Financial Instruments – Disclosures

Under CICA Handbook Section 3862, *Financial Instruments – Disclosure*, the three-level hierarchy of inputs to fair value measurement is as follows:

Level 1	-	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	-	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	-	Inputs that are not based on observable market data.

All of the Insurance Fund's financial instruments are classified in Level 2 of the fair value hierarchy as at December 31, 2010.

Revenue and expense recognition related to financial instruments

The effective interest method of amortization is used for all transaction costs added to the acquisition cost of a financial instrument and for the premiums or discounts earned or incurred for AFS financial instruments. Interest income is recognized as earned.

Determination of fair value of financial instruments

The fair value of a financial instrument on initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received.

Subsequent to initial recognition, fair value is determined based on available information. When an active market exists, the fair value of financial instruments is based on bid prices. When independent prices are not available, AFS securities are carried at cost.

Revenue and expense recognition not related to financial instruments

Premiums written are deferred as unearned premiums and recognized as revenue on a pro rata basis over the terms of the underlying policies. Insurance coverage generally runs from July 1 to June 30.

Actuarial liabilities

Actuarial liabilities consist of unearned premiums and unpaid claims and loss adjustment expenses ("unpaid claims"). Unearned premiums are calculated as the unexpired portion of the premiums written on a pro rata basis. Upon receipt of any notice of claim, the net final cost of claims and loss adjustment expenses is first estimated on a case-by-case basis and then reassessed as additional information becomes known. This estimate includes a provision for the future development of these claims, including claims incurred but not reported, as well as a provision for adverse deviations, as required by accepted actuarial practice in Canada. Unpaid claims are discounted to take into account the time value of money using the market rates of the underlying invested assets.

An external actuary, appointed by the Board of Directors of the Insurance Fund, evaluates the adequacy of actuarial liabilities using appropriate actuarial techniques.

Reinsurance

Claims are recorded in income net of reinsurance recoverable. Estimated amounts recoverable from reinsurers for unpaid claims are recorded separately from estimated amounts payable for the claims.

Reinsurance recoverable is assessed in the same manner as unpaid claims and is recorded to reflect the time value of money.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Asset costs are amortized using rates established over the estimated life of the assets, using the straight-line method over the following periods:

Telephone	3 years
Leasehold improvements	Lease term
Furniture and equipment	5 years
Computer hardware	3 years

Intangible assets

Intangible assets are recorded at cost, net of accumulated amortization, and consist of application and operating software. Amortization is calculated on a straight-line basis over the estimated useful life of software, which is three years.

Impairment of long-lived assets

Long-lived assets, excluding goodwill, are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable by comparing their net undiscounted future cash flows from use together with their residual value. The impairment loss is the amount by which the carrying amount of the asset exceeds its fair value and, if any, is charged to income. During the current and previous years, no intangible assets or items of property plant and equipment were impaired.

4. INVESTMENTS

The following tables summarize the Insurance Fund's investments.

Table 1. Fair value hierarchy

2010	Level 1	Level 2	Level 3	Total
	$	$	$	$
Government of Canada bonds	–	8,707,891	–	**8,707,891**
Provincial government bonds	–	11,605,513	–	**11,605,513**
Municipal government bonds	–	5,363,886	–	**5,363,886**
Corporate bonds	–	9,315,685	–	**9,315,685**
	–	34,992,975	–	**34,992,975**
2009				
	$	$	$	$
Government of Canada bonds	–	5,091,092	–	**5,091,092**
Provincial government bonds	–	8,817,127	–	**8,817,127**
Municipal government bonds	–	5,173,926	–	**5,173,926**
Corporate bonds	–	6,671,423	–	**6,671,423**
Asset-backed commercial paper debt obligations	–	1,266,936	–	**1,266,936**
	–	27,020,504	–	**27,020,504**

Table 2. Investment maturities

2010	Maturity			
	Under 1 year	1 à 5 years	Over 5 years	Total
	$	$	$	$
Government of Canada bonds	194,266	8,513,625	–	**8,707,891**
Provincial government bonds	6,889,127	4,716,386	–	**11,605,513**
Municipal government bonds	303,345	5,060,541	–	**5,363,886**
Corporate bonds	161,635	8,240,598	913,452	**9,315,685**
	7,548,373	26,531,150	913,452	**34,992,975**
2009				
	$	$	$	$
Government of Canada bonds	–	5,091,092	–	**5,091,092**
Provincial government bonds	45,616	8,771,511	–	**8,817,127**
Municipal government bonds	–	5,173,926	–	**5,173,926**
Corporate bonds	343,063	5,726,801	601,559	**6,671,423**
Asset-backed commercial paper debt obligations	3,432	1,263,504	–	**1,266,936**
	392,111	26,026,834	601,559	**27,020,504**

Table 3. Unrealized investment gains (losses)

2010	Unamortized cost	Unrealized		Fair value
		Gains	Losses	
	$	$	$	$
Government of Canada bonds	8,746,458	40,181	(78,748)	**8,707,891**
Provincial government bonds	11,639,790	73,764	(108,041)	**11,605,513**
Municipal government bonds	5,290,400	95,174	(21,688)	**5,363,886**
Corporate bonds	9,180,245	202,494	(67,054)	**9,315,685**
	34,856,893	411,613	(275,531)	**34,992,975**
2009				
	$	$	$	$
Government of Canada bonds	5,076,398	26,147	(11,453)	**5,091,092**
Provincial government bonds	8,693,264	231,154	(107,291)	**8,817,127**
Municipal government bonds	5,159,407	26,440	(11,921)	**5,173,926**
Corporate bonds	6,457,176	261,315	(47,068)	**6,671,423**
Asset-backed commercial paper debt obligations	1,217,296	50,464	(824)	**1,266,936**
	26,603,541	595,520	(178,557)	**27,020,504**

Table 4. Investment income and other income

	2010	2009
	$	$
Interest income	**1,254,164**	1,028,523
Amortization of premiums and discounts	**(383,657)**	(127,797)
Gain on disposal of investments	**157,328**	306,766
	1,027,835	1,207,492
Investment management and custody fees	**68,829**	57,896
Investment income	**959,006**	1,149,596
Other income	**2,431**	40,812
Investment and other income	**961,437**	1,190,408

5. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

The Insurance Fund's investments are managed by an external manager, which is required to follow the investment policy set out by the Insurance Fund's Board of Directors. Management ensures compliance with these guidelines. The investment portfolio is entirely invested in well-established, active and liquid markets. The fair value of investments is determined using market prices.

All other financial instruments are stated at fair value.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises primarily from fixed-income securities, which comprise substantially all of the investment portfolio.

The investment policy set out by the Insurance Fund determines the quality of portfolio securities, and investment managers are required to produce regular reports confirming their compliance with these guidelines. The policy also stipulates that the Insurance Fund may not invest more than 50% of assets under management in corporate bonds. The Insurance Fund may not invest more than 10% of the corporate bond portion in a single issuer and no single corporate bond position may exceed 5% of the total portfolio.

The Company assesses the financial strength of a reinsurer before signing any reinsurance treaty and monitors it on a regular basis. In addition, the Company has a minimum rating requirement for its reinsurers. As at December 31, 2010, the reinsurers had a minimum A+ rating. Ratings are by Standard & Poor's.

Table 5. Maximum credit risk exposure arising from financial instruments as at December 31

2010	Available for sale	Loans and receivables	Total
	$	$	$
Cash	390,385	–	390,385
Treasury bills	439,257	–	439,257
Canadian, provincial and municipal government bonds	25,677,290	–	25,677,290
Corporate bonds	9,315,685	–	9,315,685
Investment income receivable	280,040	–	280,040
Premiums receivable	–	390,246	390,246
Reinsurance recoverable for unpaid claims	–	6,922,000	6,922,000
Other assets	–	450,133	450,133
Total	**36,102,657**	**7,762,379**	**43,865,036**

2009 [Restated - Note 2]	Available for sale	Loans and receivables	Total
	$	$	$
Cash	528,913	–	528,913
Treasury bills	2,803,662	–	2,803,662
Canadian, provincial and municipal government bonds	19,082,145	–	19,082,145
Corporate bonds	7,938,359	–	7,938,359
Investment income receivable	213,079	–	213,079
Premiums receivable	–	280,300	280,300
Reinsurance recoverable for unpaid claims	–	6,952,859	6,952,859
Other assets	–	590,355	590,355
Total	**30,566,158**	**7,823,514**	**38,389,672**

Credit risk concentration

Concentrations of credit risk exist if a number of clients are engaged in similar activities or are located in the same geographic area, or have comparable economic characteristics such that their ability to meet contractual obligations could be similarly affected by changes in economic, political or other conditions. The Insurance Fund's invested assets could have sensitivity to changes affecting a particular industry. All of the securities held are issued in Canada.

Table 6. Debt securities by industry

	2010	2009
	%	%
Federal, provincial and municipal governments – Canada	**73.38**	70.62
Financials	**18.69**	16.46
Industrials	**0.30**	1.14
Energy	**2.01**	2.81
Infrastructure	**4.51**	4.28
Real estate	**1.11**	–
Securitization	–	4.69
Total	**100.00**	100.00

Interest rate risk

Interest rate risk is the risk that a fluctuation in interest rates will negatively impact the financial position of the Insurance Fund, which occurs when market interest rates rise.

The following table details our interest rate risk exposure. The financial instruments appearing in the balance sheet are displayed according to the earlier of their maturity and rate adjustment date. The indicated effective interest rates, if any, are the current market rates for the overall bond portfolio.

Table 7. Financial instrument interest rates by maturity

2010	Floating rate	Under 12 months	1 to 5 years	Over 5 years
		%	%	%
Assets				
Short-term notes	0.93	–	–	–
Fixed-income securities	–	3.25 to 6.50	1.93 to 5.58	3.10 to 6.15
Reinsurance and deductibles	–	2.38	2.38	2.38
Liabilities				
Claim liabilities	–	2.38	2.38	2.38

2009				
		%	%	%
Assets				
Short-term notes	0.17	–	–	–
Fixed-income securities	–	3.87 to 6.80	2.90 to 8.25	4.55 to 6.15
Reinsurance and deductibles	–	2.58	2.58	2.58
Liabilities				
Claim liabilities	–	2.58	2.58	2.58

The financial statement impact of a 1% decrease in interest rates would be a $60,143 decrease in investment income ($51,051 in 2009). Conversely, a 1% increase in interest rates would result in a $60,143 increase in investment income ($51,051 in 2009).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage its cash flow requirements, the Insurance Fund maintains a portion of its invested assets in liquid securities.

Cash flow risk

Cash flow risk is the risk of fluctuations in future cash flows associated with a monetary financial instrument. The Insurance Fund mitigates this risk by matching cash inflows from investments with cash outflows for paid claims.

Foreign exchange risk

Foreign exchange risk is the risk of fluctuations in the value of a financial instrument denominated in foreign currencies due to changes in foreign exchange rates. Since all its financial instruments are denominated in Canadian dollars, the Insurance Fund is not exposed to foreign exchange risk.

6. PROPERTY, PLANT AND EQUIPMENT

2010	Cost	Accumulated amortization	Net book value 2010
	$	$	$
Telephone system	22,927	3,184	**19,743**
Leasehold improvements	50,400	4,200	**46,200**
Furniture and equipment	76,150	47,925	**28,225**
Computer hardware	14,825	9,432	**5,393**
	164,302	64,741	**99,561**

Amortization for the year, amounting to $28,046 ($24,238 in 2009), is included in general and administrative expenses. In addition, there was a total of $39,389 for write-off of property, plant and equipment.

2009	Cost	Accumulated amortization	Net book value 2009
	$	$	$
Telephone system	9,530	8,753	**777**
Sign	2 065	2 065	–
Leasehold improvements	12,117	11,985	**132**
Furniture and equipment	81,282	37,259	**44,023**
Computer hardware	18,375	11,569	**6,806**
	123,369	71,631	**51,738**

7. INTANGIBLE ASSETS

2010	Cost	Accumulated amortization	Net book value 2010
	$	$	$
Software	357,188	272,513	**84,675**

Amortization for the year, amounting to $92,931 ($59,524 in 2009), is included in general and administrative expenses.

2009	Cost	Accumulated amortization	Net book value 2009
	$	$	$
Software	214,482	179,582	**34,900**

8. ACTUARIAL LIABILITIES

Actuarial liabilities are determined to reflect the estimate of the full amount of all liabilities associated with the insurance policies at the balance sheet date, including claims incurred but not reported. The ultimate amount of the settlement of these liabilities will vary from the best estimate for a variety of reasons, including additional information with respect to the facts and circumstances of the claims incurred.

Unpaid claims and amounts receivable from reinsurers

The provision for unpaid claims and reinsurance recoverable from reinsurers for unpaid claims are determined using standard actuarial techniques requiring assumptions such as loss development and claim settlement patterns, future rates of claim frequency and severity, inflation and other factors.

Unpaid claims were reduced on a net basis by $338,741 as at December 31, 2010 ($303,922 in 2009) to take into account the time value of money, using an average discount rate of 2.38% (2.58% in 2009) on underlying claim settlement patterns. The provision for adverse deviations increased unpaid claims, on a net basis, by $60,000 as at December 31, 2010 ($138,000 in 2009 - Restated - Note 2).

Unearned premiums

Unearned premiums are calculated on a pro rata basis from the unexpired portion of the premiums written and must be sufficient to cover all the future costs related to the unexpired portion of in-force policies as at December 31. The future risks to be provisioned consist of claims and loss adjustment expenses, policy maintenance expenses, and the cost of non-proportional reinsurance pertaining to these policies. In the event that unearned premiums were insufficient to cover these costs, the Insurance Fund would be required to recognize a corresponding liability to cover the deficiency.

Interest rate sensitivity

As the time value of money is considered in determining the unpaid claims estimate, an increase or decrease in the discount rate would result, respectively, in a decrease or increase in the expense for unpaid claims. Accordingly, a 1% increase in the discount rate would have a $153,000 impact of on the fair value of unpaid claims as at the balance sheet date ($142,000 in 2009), while a 1% decrease in the discount rate would have a $157,000 impact on the fair value of unpaid claims as at the balance sheet date ($145,000 in 2009).

9. REINSURANCE

The Insurance Fund limits the coverage provided to its insureds to $250,000 per claim, per insured, subject to an annual limit of $1,000,000.

In the normal course of business, the Insurance Fund reinsures a portion of the risks it assumes in order to limit its losses in the event of major claims or very high claim frequency.

The terms of such agreements may vary from year to year.
Reinsurance commitments from July 1, 2006 to June 30, 2007 are summarized as follows:

$150,000 per claim, per insured, in excess of Insurance Fund retention of $100,000, to a maximum of $2,500,000 per year; overall coverage of $2,500,000 in excess of Insurance Fund retention of $4,500,000.

Reinsurance arrangements from July 1, 2007 to June 30, 2008 are summarized as follows:

$100,000 per claim, per insured, in excess of Insurance Fund retention of $150,000, to a maximum of $4,500,000 per year; overall coverage of $4,500,000 in excess of Insurance Fund retention of $4,500,000.

Reinsurance arrangements from July 1, 2008 to May 1, 2011 are summarized as follows:

$4,500,000 in overall annual coverage in excess of Insurance Fund retention of $4,500,000.

10. NET EARNED PREMIUMS

	2010	2009
	$	$
Earned premiums	**10,492,202**	10,045,925
Reinsurance premiums written	**475,966**	634,875
Change in unearned reinsurance premiums	**(127,051)**	(35,268)
Reinsurance premiums ceded	**603,017**	670,143
Net earned premiums	**9,889,185**	9,375,782

Net earned premiums were reduced by a $172,525 allowance for doubtful premium receivables in 2010 ($6,500 in 2009) determined by an individual analysis of premiums receivable at year end to determine those that in all probability will not be collected. Similarly and using the same individual valuation method, recovered deductibles were reduced by a $19,910 credit loss in 2010 ($5,400 in 2009).

11. CAPITAL REQUIRED

Capital required is governed by the Autorité des marchés financiers (the "AMF"). Accordingly, the risk-based capital adequacy framework is based on an assessment of the riskiness of assets, policy liabilities, and structured settlements, letters of credit, derivatives and other exposures, by applying varying factors and margins. The Insurance Fund is required to meet a capital available to capital required test, called the minimum capital test ("MCT").

The AMF requires each property and casualty insurer to establish its own internal target capital level that reflects its risk profile and to justify to the AMF the target level it has adopted with an explanation backed by supporting data. This internal target level must be higher than the 100% minimum capital threshold imposed by the AMF and the 150% supervisory target level. The Insurance Fund has exceeded both the minimum threshold and its own internal target for capital required.

In 2010, the Insurance Fund established a 250% internal target for capital required, given the necessity of building adequate capital to meet future obligations with regard to protection of the public.

The Insurance Fund's capital available and capital required are detailed as follows:

	2010	2009 [Restated - Note 2]
	In $'000	In $'000
Capital available	**18,874**	13,947
Capital required	**2,700**	2,712
Excess of capital available over capital required	**16,174**	11,235
MCT (as a %)	**699.04 %**	514.27 %

12. TRANSACTIONS WITH THE ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

The Insurance Fund has entered into an agreement under which certain management services are provided by the OACIQ. The Insurance Fund recorded a total expense of $31,151 in general and administrative expenses for these services as a whole in 2010 (services invoiced in 2009, $145,417). In addition, the Insurance Fund recorded a total amount of $140,962 in assets for software development services supplied by the OACIQ, as well as a total amount of $77,609 in assets by the OACIQ. All related party transactions were in the ordinary course of business and measured at the exchange amount.

During the year, two members of the Board of Directors supplied services to the Insurance Fund for which they received a total amount of $24,043.

13. CONTRIBUTION FROM THE FONDS D'INDEMNISATION DU COURTAGE IMMOBILIER

Pursuant to the adoption of Bill 72 (An Act to amend the Securities Act and other legislative provisions) in December 2004, the Fonds d'indemnisation du courtage immobilier paid $3,231,300 to the Insurance Fund in September 2006, i.e. within three months of the Insurance Fund's incorporation.

14. COMMITMENTS

The Insurance Fund is committed under a lease expiring in 2015. Future minimum payments payable under the contract are detailed as follows:

	$
2011	60,201
2012	103,201
2013	106,752
2014	106,752
2015	106,752
	483,658

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year presentation.

OPINION OF THE ACTUARY

I have valued the policy liabilities of *Fonds d'assurance responsabilité professionnelle de l'Association des courtiers et agents immobiliers du Québec* for its balance sheet at December 31, 2010 and their change in the statement of income for the year then ended in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

I am satisfied that the data utilized for the valuation of these liabilities are reliable and sufficient. I verified the consistency of the valuation data with the firm's financial records.

The results of my valuation together with amounts carried in the Annual Return are the following:

Claims Liabilities ($'000)	Carried in Annual Return	Actuary's Estimate
(1) Direct unpaid claims and adjustment expenses	20,899	20,899
(2) Assumed unpaid claims and adjustment expenses	0	0
(3) Gross unpaid claims and adjustment expenses (1) + (2)	20,899	20,899
(4) Ceded unpaid claims and adjustment expenses	6,922	6,922
(5) Other amounts to recover	450	450
(6) Other net liabilities	450	450
(7) Net unpaid claims and adjustment expenses (3) – (4) – (5) + (6)	13,977	13,977

Premium Liabilities ($'000)	Carried in Annual Return	Actuary's Estimate
(1) Gross policy liabilities in connection with unearned premiums	–	2,838
(2) Net policy liabilities in connection with unearned premiums	–	2,328
(3) Gross unearned premiums	3,551	–
(4) Net unearned premiums	3,361	–
(5) Premium deficiency	0	0
(6) Other net liabilities	0	0
(7) Deferred policy acquisition expenses	0	–
(8) Maximum policy acquisition expenses deferrable [(4) + (5) + (9)] col. 1 – (2) col. 2	–	1,033
(9) Unearned Commissions	0	–

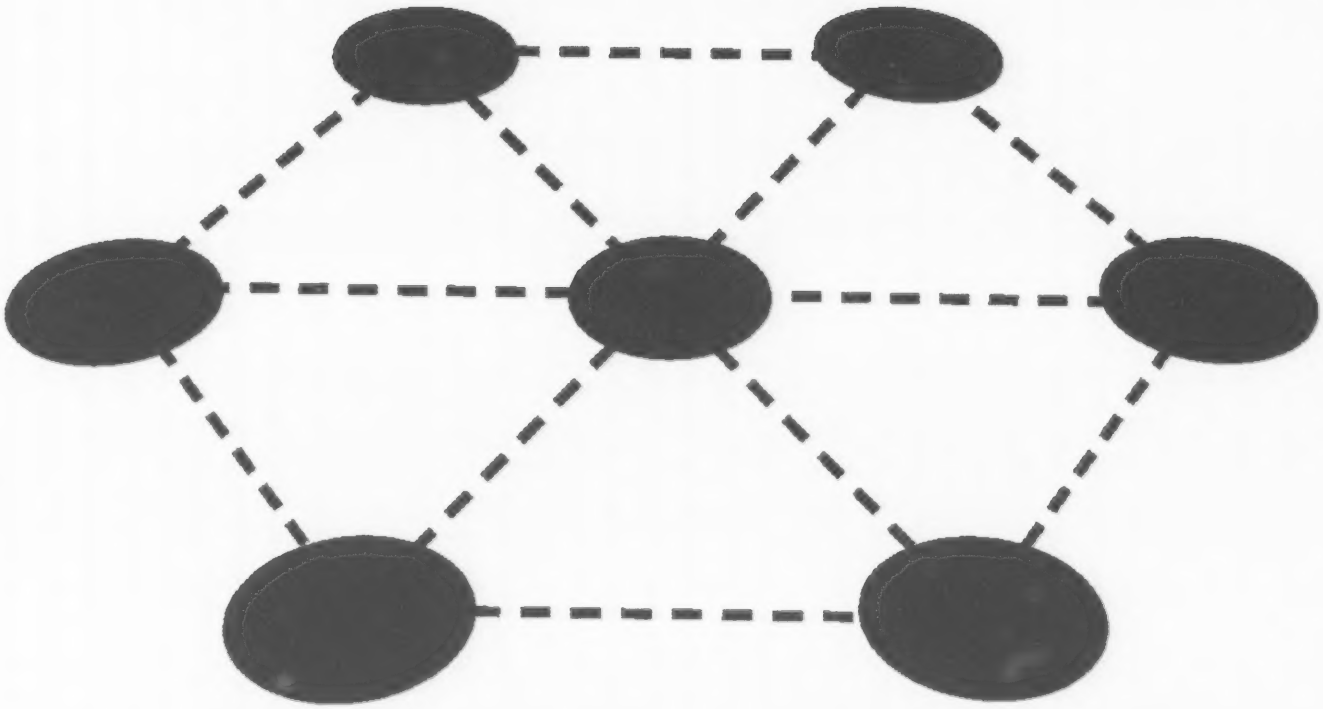
In my opinion, the amount of policy liabilities makes appropriate provision for all policyholder obligations and the Annual Return fairly presents the results of the valuation.

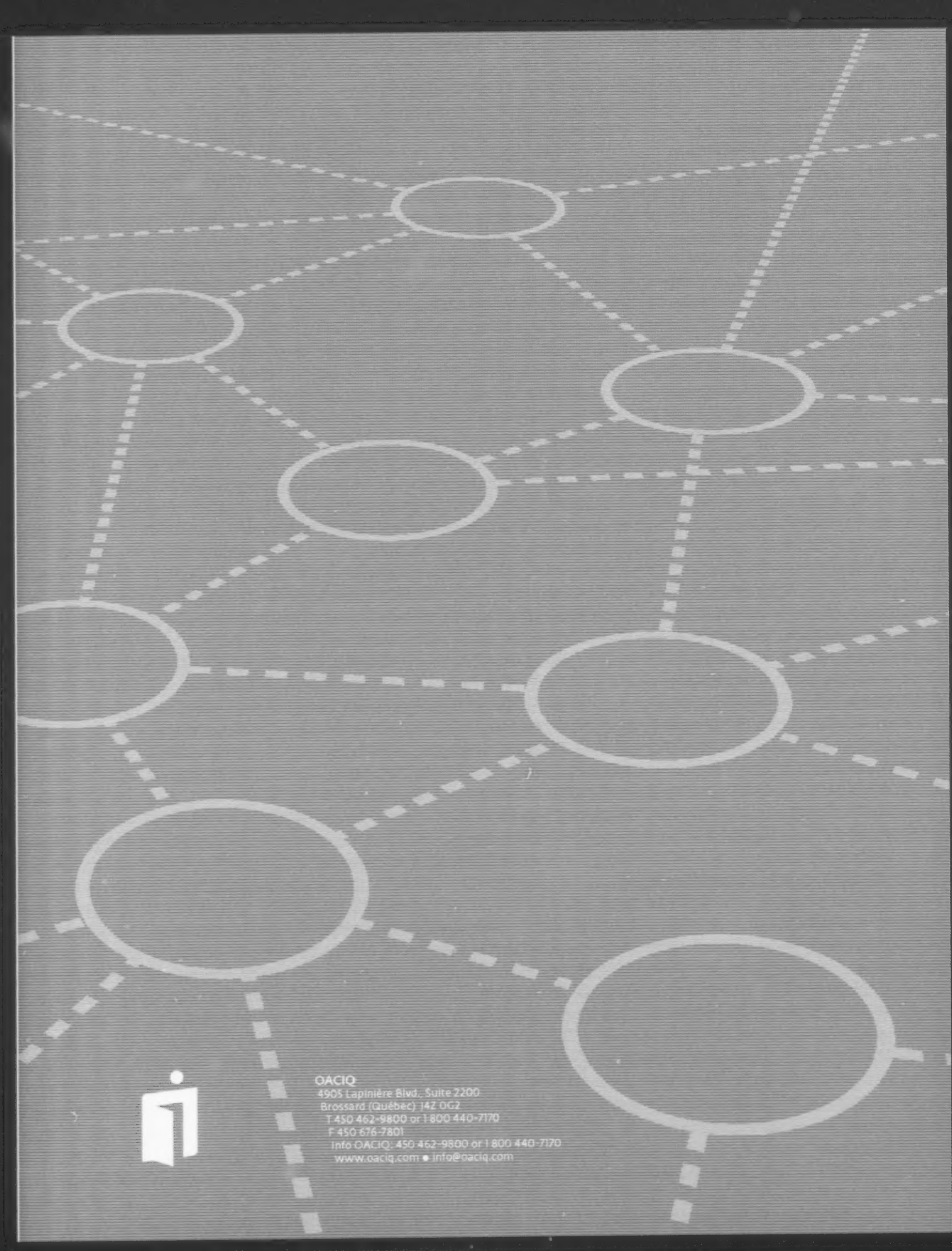
Xavier Bénarosch, FCAS, FICA

February 22, 2011

Date opinion was rendered

Eckler





OACIQ
4905 Lapinière Blvd., Suite 2200
Brossard (Québec) J4Z 0G2
T 450 462-9800 or 1-800 440-7170
F 450 676-7801
Info OACIQ: 450 462-9800 or 1 800 440-7170
www.oaciq.com • info@oaciq.com